

APPRAISAL COVER SHEET

TYPE OF REPORT: Summary Appraisal Report

PARCEL NO.: L-S-007

OWNER'S NAME: Arizona Department of Transportation

LOCATION OF PROPERTY: Section 23, Township 23 South, Range 24 East  
Cochise County, Arizona

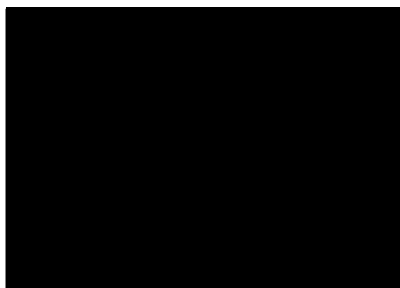
PROJECT: H089301R

HIGHWAY: STATEWIDE EXCESS HOLDINGS –  
BISBEE MVD SERVICE CENTER NO.  
52940B

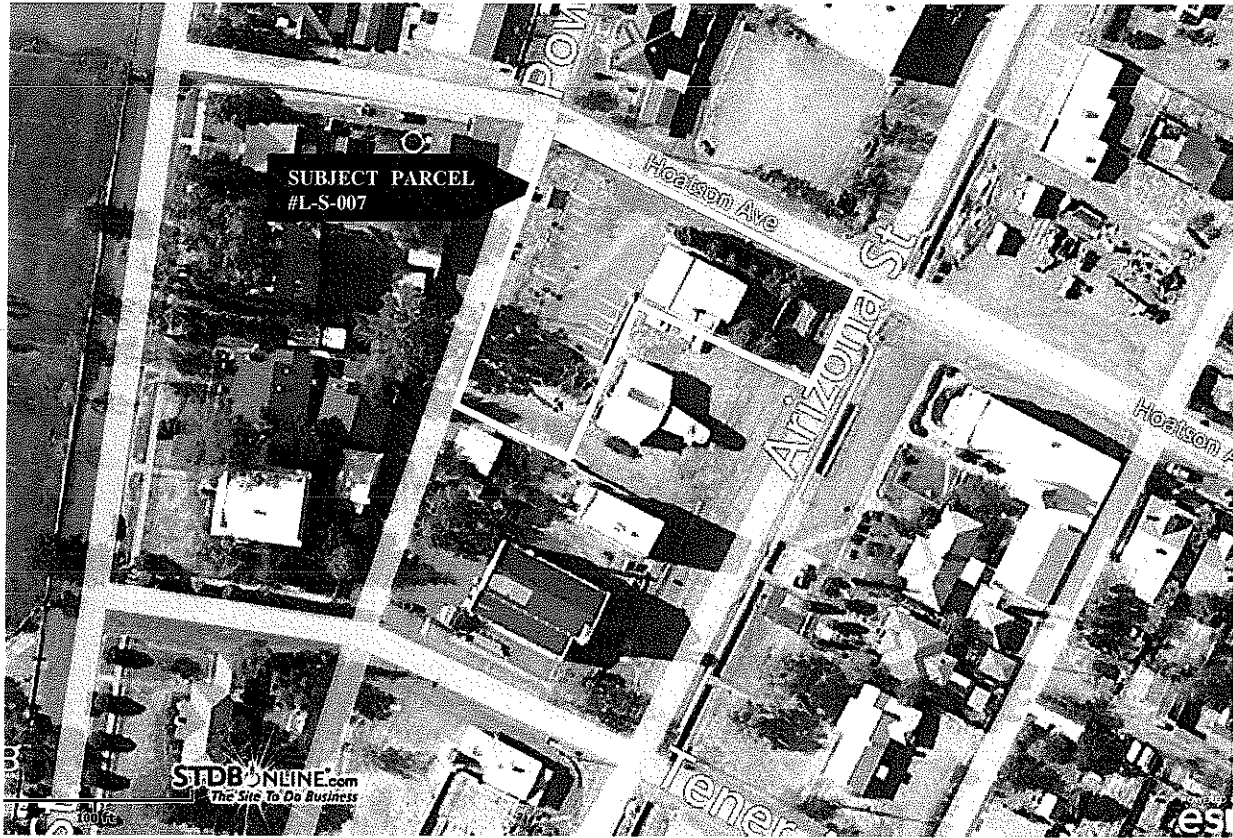
DATE OF APPRAISAL REPORT: March 25, 2013

EFFECTIVE DATE OF VALUE: March 20, 2013

APPRAISERS:



**AERIAL VIEW OF SUBJECT LARGER PARCEL  
ADOT PARCEL NUMBER L-S-007**



March 25, 2013

RECEIVED

MAR 25 2013

OPERATIONS SECTION  
RIGHT OF WAY GROUP

Mr. Steve Troxel, C.P.M., A.P.P.  
Procurement Specialist  
Arizona Department of Transportation  
Right of Way Operations Section - Consultant Contracts  
206 South 17<sup>th</sup> Avenue, Room 331, Mail Drop 612E  
Phoenix, AZ 85007-3296

RE: Appraiser's File No.: 13-035-L;  
ADOT Parcel No.: #L-S-007

Dear Mr. Troxel:

At your request, we have provided our market value opinion for the above-referenced subject property located along the west side of Arizona Street, the east side of Powell Street, and the south side of Hoatson Avenue in the Warren District of the City of Bisbee, Cochise County, Arizona.

According to the Cochise County Assessor's records, the subject property consists of a 1,118 square-foot office building. However, our exterior measurements indicate a gross building area of 1,292 square feet. This appraisal relies on our actual measurements. The improvements are located on a site consisting of 12,060 square feet, according to the survey provided by the client. The subject property is further identified as Cochise County Assessor's Parcel Number 101-06-031. This property was previously used as a Motor Vehicles Department office, but has been unoccupied since February 2010. The Arizona State Department of Transportation has determined the subject to be excess holdings.

The purpose of this appraisal is to provide a market value opinion for the subject property, as of March 20, 2013, the date of the property inspection. The intended use of the appraisal is to provide a basis of value with which to establish a minimum bid price for potential disposition. Pursuant to Arizona Revised Statute 28-7091:

"...'Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable."

This is a summary appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice for Summary Appraisal Reports* promulgated by the Appraisal Standards Board of the Appraisal Foundation. According to *USPAP*, a summary report contains "a summary of all the information significant to the solution of the appraisal problem." Further, this appraisal is intended to comply with the appraisal guidelines set forth by the Arizona Department of Transportation.

Based upon the data, analyses, opinions and conclusions contained in this report, our market value opinion, as of March 20, 2013 is as follows:

**MARKET VALUE FOR THE SUBJECT 1,292 SQUARE-FOOT  
OFFICE BUILDING AS OF MARCH 20, 2013 .....\$80,000**

*The above market value opinion equals \$61.92 per square foot,  
Based on a gross building area of 1,292 square feet*

**Extraordinary Assumption:**

An Extraordinary Assumption is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in *USPAP* for extraordinary assumptions (*USPAP*, 2012-2013 ed.)<sup>1</sup>

The following are extraordinary assumptions relative to this appraisal:

- 1) The client provided an environmental clearance package for the subject, which indicates there are no environmental or cultural problems that would adversely affect the subject property. *It is an assumption of this appraisal that the environmental impact conclusion in this report is accurate.*
- 2) *It is an assumption of this appraisal that all mechanical, plumbing, and roofing systems are in good operable condition.*

**Hypothetical Condition:**

A Hypothetical Condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about

<sup>1</sup> Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2012-2013

conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison
- Use of the hypothetical condition results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions. (USPAP, 2012 ed.)<sup>2</sup>

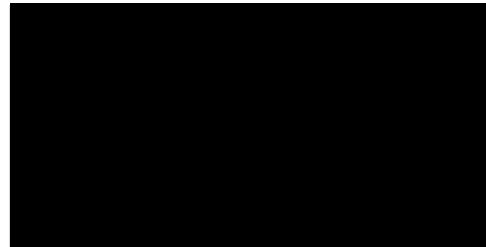
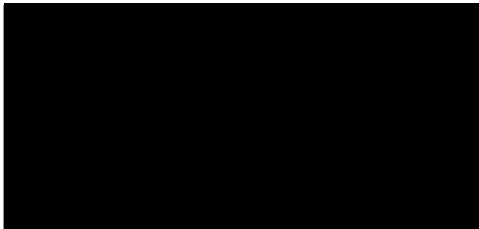
There are no hypothetical conditions relative to this appraisal.

This report is prepared for the client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given, or relied on by any other person other than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

We do hereby certify that to the best of our knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the appraisal referred to herein.

In order to guarantee the authenticity of this report, the designated appraiser has imprinted this letter of transmittal with an embossed seal. Any copy without same is not a certified copy and the appraiser assumes no responsibility or liability for such a report.

Respectfully submitted,



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<sup>2</sup> Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2008

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### ***CONTINGENT AND LIMITING CONDITIONS***

The certifications of the Appraisers appearing in the report are subject to the following conditions, and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

This report is prepared for the client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given or relied on by any other person than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the Appraisers render any opinion as to the title, which is assumed to be good and marketable. A Title Report has been furnished to the Appraisers. The property is appraised as though under responsible ownership, competent management and adequate marketing typical for that type of property.

The Appraisers have made no survey of the property. Any sketch or map in the report may show approximate dimensions and is included for illustrative purposes only. It is the responsibility of a certified engineer, architect or registered surveyor to show by a site plan the exact location of the subject property or any improvements or any proposed improvements thereon, or the exact measurements or calculations of estimated area of the site. In the absence of such a survey, the Appraisers may have utilized Tax Assessor's maps or other maps provided by the client, which may not represent the exact measurements of the subject property or other comparable information utilized to determine the value of the subject property. Any variation in dimensions or calculations based thereon may alter the opinions of value contained within the report.

In determining the opinion of value of the subject property and in analyzing comparable information, the Appraisers have relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans and the like. In the opinion of market value, the Appraisers may consider the extent to which a knowledgeable and informed purchaser or seller, as of the date of the appraisal, would reflect the reasonable probability of changes in such land uses becoming actualized in the future. To the extent that these plans may change, the value opinions of this report may also change.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraisers assume no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

The Appraisers are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless prior arrangements have been made and confirmed in writing.

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Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used.

The Appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraisers assume no responsibility for such conditions or for engineering which might be required to discover such factors. To the extent that published data from public agencies is available on the above, the Appraisers have made an effort to consult this information.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the appraisers. The Appraisers assume, and the client warrants, that no such materials adversely affect the utility, usability or developability of the property to the best of their knowledge. The Appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas or other potentially hazardous materials may affect the opinion of value of the property. The value opinion has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. If at a later time hazardous materials or substances are discovered, the Appraisers reserve the right, for an additional agreed upon fee, to re-analyze and re-value said property, taking into account the discovery of such factor or factors and their effects on the value of the subject property.

The presence of barriers to the disabled, which may or may not be present within or on the subject property, will not be considered by me. The Appraisers assume, and the client warrants, that no such barriers adversely affect the utility, usability, or developability of the property to the best of their knowledge. The Appraisers are not qualified to analyze such barriers. The value opinion has been predicated on the assumption that there are no such barriers on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or architectural knowledge required to identify and analyze them. The client is urged to retain an expert in this field, if desired. If at a later time the presence of such barriers are surveyed by an expert, the appraisers reserve the right, for a additional agreed upon fee, to reanalyze and revalue said property, taking into account the discovery of such factors and their effects on the value of the subject property.

Information, estimates and opinions furnished to the Appraisers and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraisers can be attributed to the Appraisers.

Disclosures of the contents of the report by the Appraisers are governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraisers are affiliated.



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On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraisers.

Prospective value opinions are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized. The appraisers cannot be held responsible for unforeseeable events that alter market conditions after the effective date of the report.

The Appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which is identified as an endangered or threatened species by the U.S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the Appraisers are not qualified to detect or analyze such plants and wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since the Appraisers have no direct evidence relating to this issue, possible endangered or threatened species were not considered in valuing the property.

The use of this report or its analysis and conclusions by the client or any other party constitutes acceptance of all the above limiting conditions.

#### ***EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS:***

##### **Extraordinary Assumption:**

An Extraordinary Assumption is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

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<sup>3</sup> Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2012-2013

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The following are extraordinary assumptions relative to this appraisal:

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- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison
- Use of the hypothetical condition results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions. (USPAP, 2012 ed.)<sup>4</sup>

There are no hypothetical conditions relative to this appraisal.

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<sup>4</sup> Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2008

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### ***THE APPRAISAL PROCESS***

An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social and economic forces.

The sections comprising the first portion of the report include: Property Identification, Date, Function and Purpose of the Appraisal, Scope of Work, Neighborhood Analysis, Site Analysis, and Highest and Best Use. The highest and best use of the subject property is the basis upon which market value opinion is formed.

The second portion of the report contains the approaches used to support the market value opinion for the fee simple interest in the subject property. The fee simple interest is the unencumbered interest in the property. The three traditional approaches to value are the Cost Approach, the Sales Comparison Approach, and the Income Approach.

In the Cost Approach, the appraiser estimates the current cost to replace the improvements, deducts estimated accrued depreciation, and adds the site value to arrive at an indication of market value. The accuracy in the estimate of accrued depreciation is a critical element in the reliability of the Cost Approach. The Cost Approach is most appropriate for new or nearly new properties in which little depreciation has accrued. The subject property was originally constructed in 1952 as a branch bank building. It was renovated and converted to a Motor Vehicles Department Service Center in approximately 1996. Considering the age of the building, renovations, and the difficulty in estimating accrued depreciation in older properties, the Cost Approach was not applied. In addition, a typical buyer does not rely on this approach for its purchase decisions.

In the Sales Comparison Approach, recent sales of similar properties, known as "comparables," are analyzed and adjusted to the subject property. This approach best represents the actions of buyers and sellers in the market for this type of property. The degree of similarity between the comparables and the subject property determines the reliability of this approach.

The Income Approach is based upon the premise that market value is the present worth of the anticipated benefits to be derived from the property. With income properties, this approach is typically of great importance. The chief motivation for income property ownership is the net income the property produces. However, in the existing declining market conditions, buyers are predominantly owner-users rather than investors.

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In the Income Approach, the appraiser analyzes the subject property and comparable properties to estimate the market rent, effective gross income and operating expenses. The net income is converted to value through the process of direct capitalization. The method of capitalization applied depends upon the characteristics of the property and the behavior of buyers and sellers in the market. The reliability of this approach depends upon the estimates of income and expenses, and the quality of the data from which the overall rate is selected.

The subject was previously owner-occupied by the Arizona Motor Vehicles Department, but the office has been unoccupied since February, 2010. As such, no income and expense data for the subject is available. Based on our research and analysis, which is corroborated with interviews of market participants, current market conditions indicate that market rents for small offices like the subject do not support investor purchases of this type of property for income producing purposes. As such, the typical motivation for ownership of buildings like the subject's is for owner occupancy and not rental income. Therefore, the Income Approach has not been employed.

In the Reconciliation, the approaches to value employed are evaluated as to their pertinence and reliability. The purpose of the reconciliation is to evaluate the strengths and weaknesses of the applicable approaches to value. After analyzing the pertinence and reliability of each approach, a reconciled market value opinion for the fee simple interest is provided.

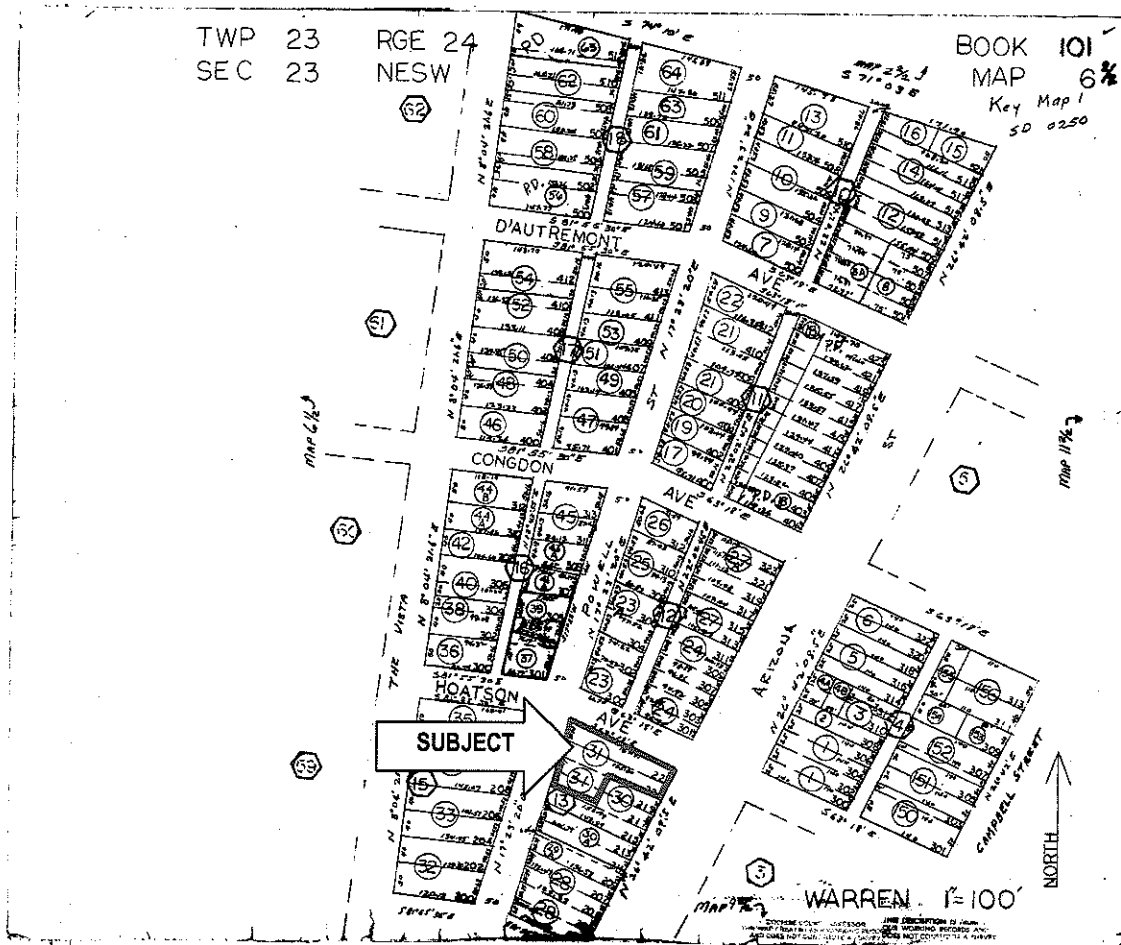
In the Sales Comparison Approach, recent sales of similar properties, known as "comparables," are analyzed and adjusted to the subject property. This approach best represents the actions of buyers and sellers in the market for this type of property. The degree of similarity between the comparables and the subject property determines the reliability of this approach.

The Sales Comparison Approach provides a reliable and credible indication of market value for the subject office building and is the only approach employed.

### PROPERTY IDENTIFICATION

The appraised property is comprised of a 1,292 square-foot office building on a 12,060 square foot site, which has been deemed to be excess holdings by the Arizona Department of Transportation. The subject is located on the west side of Arizona Street, the east side of Powell Street, and the south side of Hoatson Avenue in the Warren District of the City of Bisbee, Cochise County, Arizona. The property appraised is identified as Cochise County Assessor's Parcel Number 101-06-031.

The plat map identifying the subject, and the legal description, follow.



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**LEGAL DESCRIPTION**

***Exhibit A – Legal Description***

***Warren Lots 221, 223 & 71.79 X 50.64 X 80 X 50' of Lots 217 & 219, Block 13***

**EXHIBIT "A"**

(Fee # 951230843, records of Cochise County, Arizona)

The surface together with a depth of 40.00 feet immediately beneath the surface of Lots 221 and 223 and that portion of Lots 217 and 219, Block 13, WARREN TOWNSITE, according to Book 1 of Maps, page 106, records of Cochise County, Arizona, more particularly described as follows:

BEGINNING at a point on the South line of Lot 217, whence the Southeast corner thereof bears South 63°18' East, a distance of 81.20 feet;

thence North 63°18' West along the South line of said Lot 217, a distance of 71.79 feet to the Southwest corner thereof;

thence North 17°23'20" East, a distance of 50.64 feet to the Northwest corner of Lot 219;

thence South 63°18' East along the North line of Lot 219, a distance of 80.00 feet;

thence South 26°42'85" East (sic, is South 26°42'08" West), a distance of 50.0 feet to the POINT OF BEGINNING.

12,060 square feet, more or less.

GRANTOR RESERVES unto the public and various utility companies, easements for existing utilities, if any, within the above described property, in accordance with Arizona Revised Statute 28-7210.

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**PROJECT:** 999 SW 000 H0889 01R **LOCATION:** Bisbee MVD Service Center No. 529400B **PARCEL:** L-S-007  
CG 10-27-10

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## **PURPOSE OF THE APPRAISAL**

<b><i>Purpose of the Appraisal:</i></b>	The purpose of the appraisal is to provide an "as is" market value opinion for the fee simple estate interest in the subject property.
<b><i>Intended User of the Appraisal:</i></b>	The intended user of the appraisal is the Arizona Department of Transportation, the client.
<b><i>Intended Use of the Appraisal:</i></b>	The intended use of the appraisal is to provide a basis of value with which to establish a minimum bid price for disposition.
<b><i>Date of Value Opinion:</i></b>	The date of the value opinion is March 20, 2013, the date of the property inspection.
<b><i>Date of the Appraisal Report:</i></b>	The date of the appraisal report is March 25, 2013.

## **DEFINITIONS**

### ***Market Value Definition:***

Pursuant to Arizona Revised Statute 28-7091:

*'Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.*

### ***Interest to be Appraised:***

#### **Fee Simple Estate:**

The interest to be appraised is that interest arising from fee simple estate ownership. *The Dictionary of Real Estate Appraisal*, 4<sup>th</sup> Edition, by The Appraisal Institute defines the fee simple estate as:

"Absolute ownership, unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Under this premise, the property is appraised as if free and clear and without any restrictions or encumbrances that would limit the marketability of the property.

### ***Ownership and Five Year Chain of Title:***

According to the Warranty Deed provided by the client, title is vested in the name of State of Arizona, by and through its Department of Transportation, by virtue of a Warranty Deed dated August 8, 1995, filed and recorded on December 12, 1995. No transfers of title within five years prior to the effective date of value were recorded. The improvements have been unoccupied since February, 2012. The subject is currently listed on the Arizona Department of Transportation as available at a "Price To Be Determined."

***Owner Contact and Site Inspection:***

The subject property was inspected on March 20, 2013. [REDACTED] and [REDACTED] representative for the property owner, State of Arizona Department of Transportation, for this inspection subject and the comparable sales.

ADOTM-1-V-4042-9-14  
EXHIBIT 9-14  
July 1, 1992

APPRAISALS

<b><i>CONTACT REPORT</i></b>		
<b>DATES:</b> March 18, 2013		
<b>PARTIES CONTACTED:</b> Jim Walcutt, (520) 591-7923; Raul Torres (602) 712-6568; and Tommy Zuleger (602) 712-8816		
Mr. Jim Walcutt, representative for property owner Arizona Department of Transportation, indicated he would accompany the appraisers on the property inspection on March 20, 2013. Mr. Walcutt accompanied the appraisers.		
Mr. Raul Torres and Mr. Tommy Zuleger declined our invitation to inspect the subject.		
[REDACTED]		
[REDACTED]		
Project: <u>H089402T</u>	Section: N/A	Parcel No. L-S-007



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### ***SCOPE OF WORK***

The scope of work for an appraisal is the extent of the process of collecting, confirming, and reporting data, as well as the methods used in supporting the value opinion. All three approaches to value, the Cost Approach, Income Approach, and Sales Comparison Approach are considered. In accordance with Uniform Standards of Professional Appraisal Practice (USPAP), the scope of work for the appraisal includes, but is not limited to, the following:

- Inspection and analysis of the subject property, market conditions, and other restrictions that affect value; and
- Research, analysis, inspection and confirmation of comparable market data; and
- Consideration of the three approaches to value which include the Cost, Sales Comparison and Income Approaches to support my market value opinion for the subject property.

#### ***Data Sources and Confirmation:***

Research for comparable sales included a thorough search of sale data from January 1, 2011 through the present. Data sources include the Cochise County Assessor's Records, RealQuest Professional data, the Arizona Department of Transportation website, Southern Arizona Multiple Listing Service (SAMLs), Tucson Association of Realtors Multiple Listing Service (TARMLS), and interviews with local real estate brokers and market participants. The search criteria included improved sales that are similar in size and location, as well as active listings of comparable properties.

Our research revealed about seven sales and four listings of improved commercial properties located in Bisbee, Benson, Willcox, and Sierra Vista between May, 2011, and the effective date of this appraisal. The sale data was pared down to the three sales and two listings that are included in the analysis. The comparable sales were selected based on their physical comparability to the subject in terms of size, age, and location. The subject has good access from Arizona Street, and ample off-street ADA-compliant parking, visibility to an average volume of traffic on the main commercial corridor in the Warren area. The primary shopping district for Bisbee is about 5 miles northwest of the subject in Historic Downtown Bisbee.

Research for recent data focused on improved commercial sales in the Bisbee area, Cochise County, Arizona. The most recent sales similar in terms of physical characteristics

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and potential use were selected for the analysis. The overall quality of the data is adequate to provide a reliable indication of value.

***Scope of the Project:***

The subject site is currently posted on the ADOT website with a “price to be determined.” The intended use of this appraisal is to provide a basis of value for establishing a minimum bid price for disposition of the subject property.

***Arizona State Transportation Board Resolution Data:***

No information was provided to the appraisers about the approval in accordance with the Arizona Department of Transportation Board.

***Right-of-Way Plan Drawing Number, Date of Approval and Last Revision Date:***

No construction-related activities are involved in the disposal of the subject property. Thus, no construct-related impacts will result from disposal.

***Subject Areas as Shown on the Parcel Exhibit Sheet:***

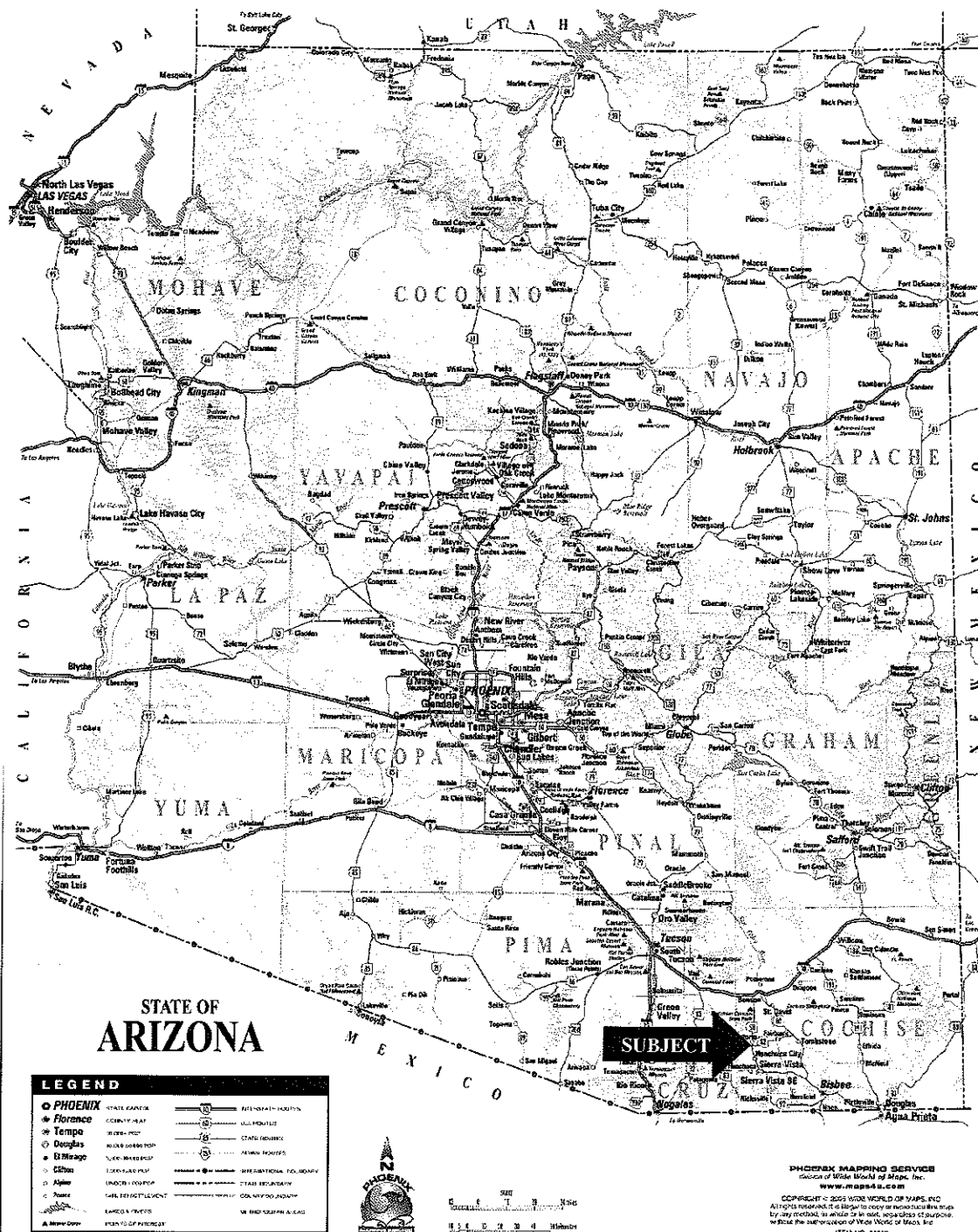
As previously discussed, no construction activities are necessary for disposal. According to the legal description provided by the client, the property that is the subject of this appraisal consists of 1,292 square feet of building area on a site of 12,060 square feet.

***Limitation in Scope:***

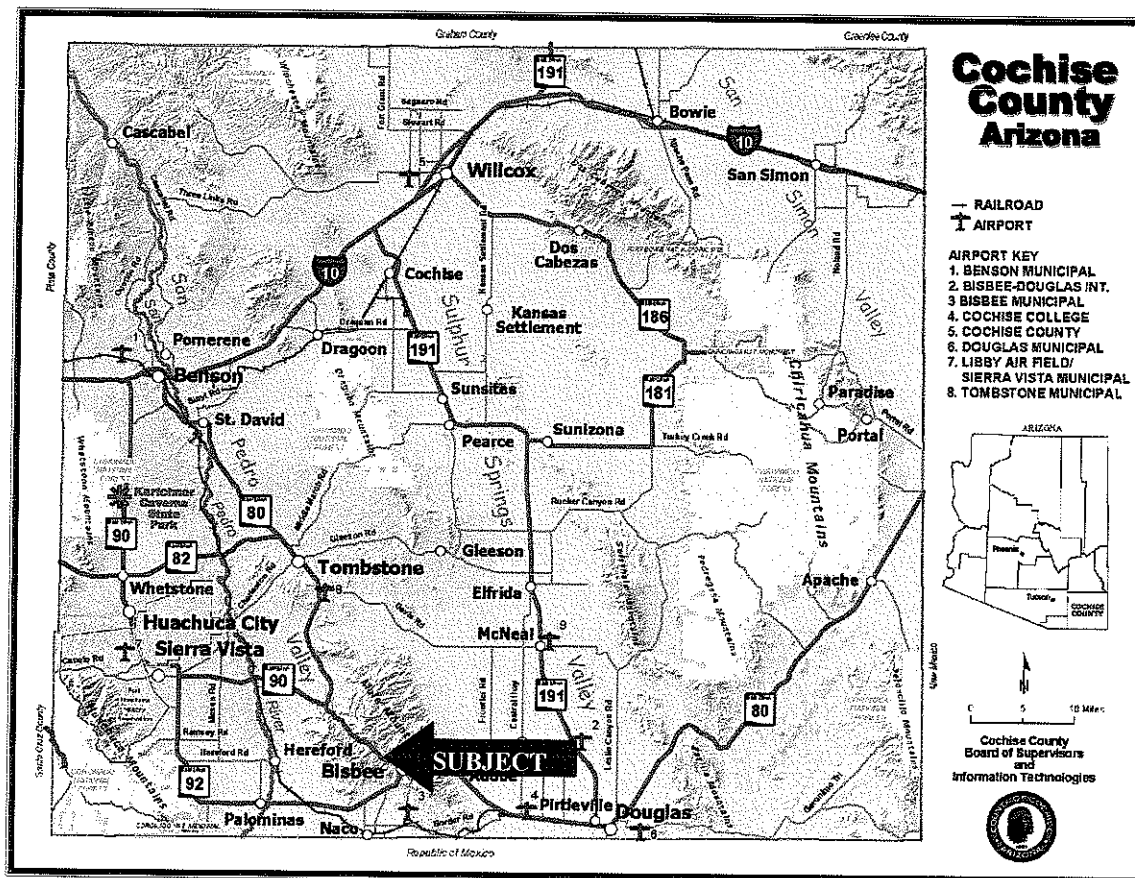
This report is a summary appraisal. There are no other limitations in the scope of the assignment, other than those discussed in the Letter of Transmittal and Contingent and Limiting Conditions, and Extraordinary Assumptions.

Due to the nature of this assignment, a self-contained appraisal report is not considered necessary in accordance with Arizona Department of Transportation policies, procedures, standards and specifications. More detailed information regarding the subject property and market data is retained in the appraiser’s files and is available upon request.

## REGIONAL MAP



## COCHISE COUNTY MAP



### REGIONAL ANALYSIS

The subject property is located in Cochise County, which is located in the southeastern portion of Arizona along the International Boundary with Mexico. Bisbee is the county seat. However, Sierra Vista is the largest city and is situated approximately 70 miles southeast of Tucson and approximately 30 miles south of Interstate 10. Cochise County has numerous historic sites and national parks.

State and Federal Governments control almost half of the land area within Cochise County. Principal industries include farming, ranching, tourism and the military. Cochise County is known for its historical, cultural, scenic and recreational features ranging from the rugged Dos Cabezas Peak and the Chiricahua Mountains to Cochise's Stronghold in the Dragoon Mountains.

Population Data Cities, Cochise County & Arizona						
	1990	2000	2008	2010	2012	% Annual Change from 2000
<b>Benson</b>	3,824	4,700	5,030	5,098	5,071	0.66%
<b>Bisbee</b>	6,288	6,090	6,389	5,560	5,466	-0.85%
<b>Douglas</b>	13,137	14,312	18,207	17,410	16,673	1.37%
<b>Sierra Vista</b>	32,983	37,775	45,908	45,047	45,794	1.77%
<b>Cochise County</b>	97,624	117,775	139,434	131,436	130,752	0.92%
<b>Arizona</b>	3,665,228	5,130,632	6,629,455	6,401,569	6,498,569	2.22%

*Source: Arizona Department of Economic Development*

The City of Sierra Vista experienced strong growth rate until 2007. The mortgage lending crisis and housing slump have had an adverse effect on population growth throughout southeastern Arizona. In 2006, the annual compound growth rate was 3.03% per year for Sierra Vista compared to 2.46% per year for Cochise County. According to estimates released by the Arizona Office of Employment and Population Statistics (EPS), Cochise County's population increased by 215 residents, or 0.2% between 2011 and 2012. EPS projects the countywide population will grow by an average of one percent per year, both in the short and long term. Although the overall population of Cochise County grew modestly from 2011 to 2012, all areas of the county saw population declines except Sierra Vista and the county's unincorporated areas. Sierra Vista grew by 1.5% from 45,098 in 2011 to 45,794 in 2012.

The average unemployment rate for Cochise County has been gradually declining since 2010. The 2010 average unemployment rate for Cochise County was 8.2%. In 2012, the unemployment rate was 7.9% This decrease is believed to be a result of the gradual economic recovery that is occurring nationwide. The two largest employment sectors in Cochise County are government, and trade, transportation, and utilities representing 30.4% of the total labor force.

Based on trends toward the end of 2012, it appears that private service-providing subsector will continue to increase jobs. However, the goods-producing subsector, which includes construction, is still losing jobs. Within the government sector, government jobs are expected to continue losing jobs, especially due to the impact of budget cuts incurred by the recent Federal government sequestration.

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***Fort Huachuca Army Base:***

The primary economic influence in Cochise County is the Fort Huachuca Army Base, located within the city limits of Sierra Vista. Fort Huachuca was established in 1887 as a cavalry outpost and is currently the home of the United States Army Intelligence Center and School. Other major organizations include the U.S. Army Information Systems Command, the U.S. Army Electronic Proving Ground, the Department of Defense Joint Test Element of the Joint Tactical Command, the 11th Signal Brigade, and the U.S. Army Communications Security Logistics Activity. More than 40 commands, agencies, and activities are located here, representing the military and other federal agencies.

Fort Huachuca is Southern Arizona and Cochise County's largest employer. Fort Huachuca provides support and training to the National Guard, Army Reserve and Marine Corps Reserve. Total Fort Huachuca employment for fiscal year 2010 was 9,438 fulltime equivalent employees, which includes 3,197 active duty military personnel and 3,039 Department of the Army civilian employees, 74 part-time civilian employees, and about 3,165 military students present at the fort for training. The total number of military personnel and their family members, living on and off the post, historically has represented about 50 percent of Sierra Vista's population. In 2010, the Fort was the fifth largest public employer in all of Southern Arizona.

According to a 2008 study by The Maguire Company in collaboration with ESI, Fort Huachuca generates and supports 26,921 FTE jobs in Cochise County, which includes the Fort's direct employees, as well as those employed due to government contracts and spending by the Fort and its employees. Nearly 83% of the indirect and induced employment generated by Fort Huachuca occurs in the county's retail trade and services industries, according to the study.

The only recommendation for Fort Huachuca under the third phase of the Defense Secretary's Commission on Base Realignment and Closures (BRAC) was the realignment of Information Systems Engineering Command from Fort Richie, Maryland to Fort Huachuca. According to Mr. Bill Lopez with the Fort Huachuca Public Affairs Department, this move resulted in a net gain of 274 military personnel.

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However, current threats to Fort Huachuca come from general defense budget cuts that are the natural result of winding down two wars. During the “Great Recession,” Cochise County was largely buffered from the worst of it due to increased defense spending on the fort and its missions, which were primarily tied to the wars in Iraq and Afghanistan.

The local economy has already taken a hit from a decline in defense spending with changes in travel policy for military personnel and temporary duty travel for conferences and other official business. This has impacted the local hospitality industries that cater to those on temporary duty. Accommodation sales and restaurant and bar sales have been down during the past 15 months. Hospitality industries in other areas of Cochise County, including Benson, Tombstone, and Bisbee, are also impacted.

Many defense contracts have not been renewed, or are now performed by government civil servants who tend to be paid less. Overall, cuts in defense spending are expected to be the biggest threat to the Cochise County economy now and in the foreseeable future.

***Tourism:***

According to the *Sierra Vista Economic Outlook*, “tourism is an important component of the economy of both Sierra Vista and Cochise County.” Tourism represents new revenue to local merchants and stimulates local economies. Sierra Vista and the surrounding rural areas of Cochise County frequently receive national recognition for the area’s natural beauty and wildlife. According to a study by Dean Runyon & Associates, the travel industry has been one of the top two export-oriented industries in Arizona as measured by its contribution to the state’s Gross Domestic Product.

The public parks available in Cochise County include Coronado National Memorial, Fort Bowie National Historic Site, Tombstone State Historic Park, Chiricahua National Monument, and Kartchner Caverns State Park. Since the recession began in December, 2007, visitors to Cochise County have opted for the less expensive ecotourism destinations rather than the traditional destinations of Tombstone and Bisbee.

Since 2010, visits to all of the County's parks have declined, as shown in the following table:

	Chiricahua National Monument	Coronado National Monument	Fort Bowie National Historic Site	Kartchner Caverns State Park	Tombstone Courthouse State Historic Park
2010	55,430	136,282	9,491	123,999	49,825
2011	37,030	153,040	8,429	116,757	46,037
2012	<u>41,159</u>	<u>97,579</u>	<u>7,966</u>	<u>117,496</u>	<u>38,395</u>
Change:	-25.7%	-28.4%	-16.1%	-5.2%	-22.9%

Kartchner Caverns, located on Highway 90 between Sierra Vista and Interstate 10, was discovered several years ago in the Whetstone Mountains and was opened as a scenic attraction in late 1999. Kartchner Caverns is the state's second largest tourist attraction. The local hospitality industry has reported increased occupancy levels as a direct result of increasing numbers of cavern visitors. Kartchner Caverns opened a new attraction in November 2003 called the "Big Room." This new attraction helped to bring new revenue and return visits to the area. Increased tourism generates more dollars for the local economy and benefiting retail, restaurant and bar sales, and the local lodging industry.

#### ***Impact of Mexico:***

Given the close proximity to Mexico, Cochise County is positively impacted by Mexican shoppers and travelers. Citizens from northern Mexico frequently shop in area stores. The local hospitality industry benefits from the business generated by residents of northern Mexico. Although it is difficult to estimate the size of this market, Agua Prieta, Sonora, just across the border from Douglas, Arizona, has a population of approximately 120,000 residents, a significant number of which travel to Cochise County to shop.

Cochise County's shared border with Mexico has had good results from the extension of the border "free zone" that occurred in the fall of 1999. The free zone allows Mexican citizens to shop in an area close to the border without having to pay a special fee or obtain a visa. The free zone was revised from 25 to 75 miles north of the border and allows shoppers to stay no more than 72 hours without additional permits or fees.

Border crossing statistics for the Douglas Port of Entry from the *Arizona Economic Indicator Data*, prepared by the Economic and Business Research Center,



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Eller College of Management, University of Arizona, are summarized in the following table:

U.S. - Mexico Border Crossings Douglas Port of Entry			
Year	Passengers	Pedestrians	Total
2004	4,490,950	540,623	5,031,573
2005	4,727,538	712,435	5,439,973
2006	4,557,279	760,211	5,317,490
2007	4,080,849	952,491	5,033,340
2008	3,922,356	1,289,903	5,212,259
2009	3,214,424	1,294,459	4,508,883
2010	2,933,057	1,096,084	4,029,141
2011	2,659,508	1,030,357	3,698,865
2012*	1,736,180	756,865	2,493,045

Source: Bureau of Transportation Statistics

\*Through August

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The data above shows that the U.S. – Mexico border crossings have decreased significantly since the peak in 2002 when 8,514,634 crossings occurred. Over the last 3 years there has been an increase in border security and law enforcement efforts along the border to curtail illegal border crossing activity.

***Commercial Hub for Cochise County***

The City of Sierra Vista is the regional commercial hub for Cochise County and southeast Arizona. The City is approximately 70 miles southeast of Tucson, and approximately 12 miles north of the Mexican Border. The city is surrounded by magnificent mountain vistas with the Huachuca Mountains to the southwest, and has temperate year-round climate and access to the San Pedro River. According to the Cochise Center for Economic Research, Sierra Vista serves a commercial market of about 170,000 people in southeastern Arizona and northern Sonora, Mexico.

The Fort Huachuca army base is the primary support for the economy in Sierra Vista. Fort Huachuca was not adversely affected by the 2005 base closings and as discussed above employment increased last year.

In addition, Sierra Vista's community leaders have intensified efforts to attract new businesses to diversify the economy. Mr. Barry Albrecht, the director of the Economic Development Foundation of the City of Sierra Vista, reported that Federal Express opened a new distribution facility in Sierra Vista with approximately 40 full-time employees. Sutherland's relocated from Tucson to Sierra Vista and opened a new store that employs up to 70 persons.

According to the *Sierra Vista Economic Focus* published by Cochise College, other major employers in Sierra Vista include the Sierra Vista Public Schools, Cochise County, Cochise Community College, Sierra Vista Regional Health Center, Science Applications International (SAIC), Wal-Mart, Ilex Systems, City of Sierra Vista, KE&G Construction, Arizona Family Care Associates, Cochise Health Alliance, Dillard's, Life Care Center, Wick Communications and Sulphur Springs Valley Electric. Additionally, new major employers in Sierra Vista include Cristek, a high-tech company, Northrop-Grumman, and Home Depot.

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Sierra Vista had a strong housing market through August 2005 which was attributed to historically low mortgage interest rates. However, as evidenced by the precipitous drop in building permit activity, the housing market has collapsed throughout Sierra Vista, Arizona and most of the nation.

***Economic Factors:***

Although the recession negatively impacted the economy, there has been some good economic news. Construction continued on Cochise College campuses in Sierra Vista and Douglas, and construction began on the new Cochise College Willcox Center.

Old outdated housing units have been razed in Fort Huachuca which is being replaced them with more attractive and energy efficient housing. The new Wal-Mart Supercenter in Sierra Vista is complete as of the date of this appraisal. Olive Garden indicated its intention to open a restaurant. Ace Hardware opened a new store in Bisbee. Also in Bisbee, the city completed its "Warren Renaissance" renovation project and work has begun on the new Copper Queen Hospital Emergency Treatment Center. New development in Douglas in 2009 included the completion and opening of a Best Western Hotel and a Carl's Jr. Restaurant.

The 48-unit La Habra Apartments, a new affordable housing complex, was completed in Benson last year. Also, the new Gracie's Station restaurant opened for business which will help the city's restaurant and bar receipts.

In Willcox, construction was completed on a new justice complex, firehouse, and Willcox Chamber of Commerce and Agriculture building. In 2009, Huachuca City opened a new skate park and a new farmer's market was opened in St. David. City officials in Tombstone finally agreed to allow the dirt to be removed from Allen Street.

***Housing Market:***

The housing market in Cochise County has been negatively impacted like other market areas throughout Arizona. There has been a precipitous drop in new home construction as indicated in the building permit statistics in the following table.

Detached Single Family Residential Building Permit Data Cochise County								
Year	2005	2006	2007	2008	2009	2010	2011	2012
Permits Issued	1,265	1,032	483	417	283	133	103	273
% Change	n/a	-18.4%	-53.2%	-13.7%	-32.1%	-63.6%	-22.6%	+165%

The number of permits issued in 2009 represents a 77.6% drop from the peak in 2005. The number of permits issued through 2012 indicates a good potential for an increase over the number of permits issued in 2009.

Home sales statistics through 2011 for Cochise County Area Home Sales are shown in the following table.

<b>COCHISE COUNTY AREA HOME SALES (SITE-BUILT HOMES)</b>								
YEAR	VOLUME	CHANGE IN VOLUME	MEDIAN PRICE	MEDIAN PRICE CHANGE	AVERAGE SALE/ASKING PRICE	AVERAGE PRICE PER SQ. FT. (HEATED/COOLED)	AVERAGE PRICE PER SQ. FT. CHANGE (HEATED/COOLED)	AVERAGE DAYS ON MARKET
2004	1,591	—	\$150,000	—	97.8%	\$92.74	—	111
2005	1,807	13.6%	\$186,000	24.0%	98.4%	\$113.52	22.4%	107
2006	1,446	-20.0%	\$205,250	10.3%	97.6%	\$127.11	12.0%	114
2007	1,289	-10.9%	\$206,579	0.6%	96.4%	\$122.44	-3.7%	134
2008	1,044	-19.0%	\$195,000	-5.6%	95.7%	\$115.42	-5.7%	150
2009	1,049	0.4%	\$189,000	-3.1%	95.5%	\$110.00	-4.7%	148
2010	1,078	2.8%	\$173,250	-8.3%	94.6%	\$98.40	-10.5%	144
2011	1,048	-2.8%	\$156,000	-10.0%	94.6%	\$88.82	-9.7%	157

Note: Includes only those homes listed on Southeast Arizona Multiple Listing Service and/or Tucson Area Multiple Listing Service. Includes townhouses and condominiums. Source: Southeast Arizona Multiple Listing Service, Tucson Area Multiple Listing Service, and Cochise College Center for Economic Research.

The above data shows that the median price for a home in Cochise County has declined to nearly the 2004 level. This is related to the decline in the overall economy.

According to a press release on January 31, 2013 by Cochise College Center for Economic Research, home sales in Cochise County for 2012 indicate an increase in overall sales volume of 6.9% to 1,286 in 2012. However, the median sale price decreased 8.9% to \$129,450 in 2012.

#### ***Government and Transportation:***

In Sierra Vista, the city government agencies include the Sierra Vista Fire Department and Sierra Vista Police Department. Each incorporated town also has their own police and fire protection. Sierra Vista schools include the six elementary schools, Sierra Vista Middle School, Buena High School, Cochise Community College, and a satellite campus of the University of Arizona.

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Utilities include Sulphur Springs Valley Electric Coop, the Arizona Public Service Company, Century Link (formerly Qwest Communications), several water companies, and a municipal sewer companies.

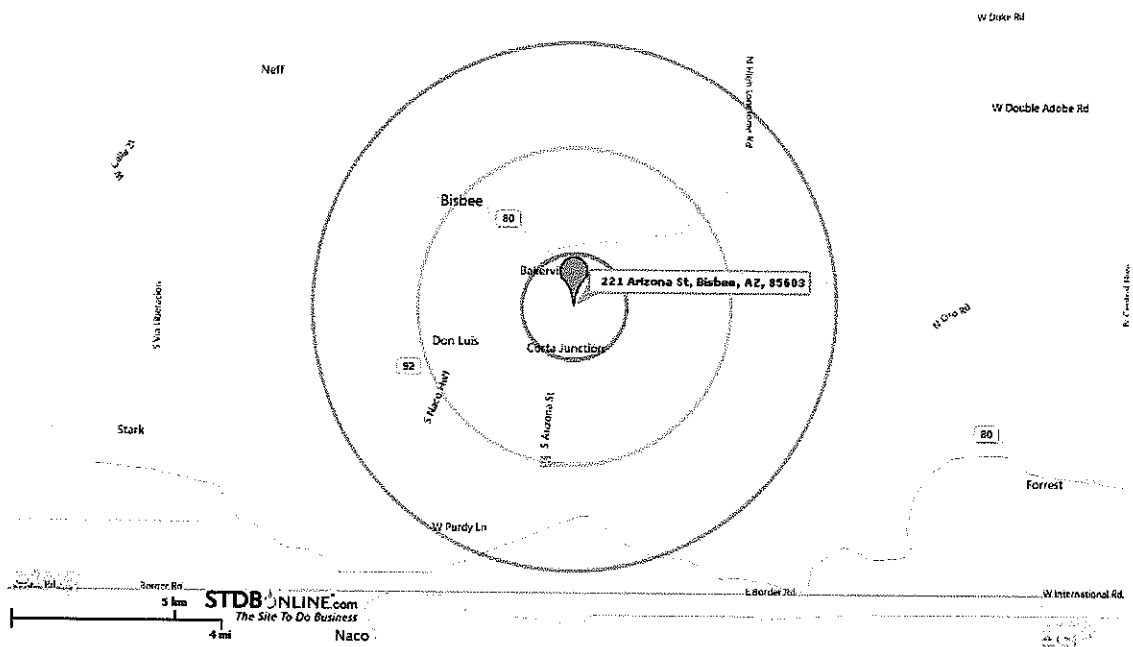
***Transportation:***

The primary transportation routes for the region include Interstate 10 and Highway 90. I-10 runs from Los Angeles, California, through Phoenix and Tucson to Texas in the east. Highway 90 links with I-10 about 29 miles north of Sierra Vista. Highway 92 extends south and east to Bisbee. Highway 92 provides a connection to the Mexico border to the south. Private bus service is available and the Sierra Vista Municipal Airport provides general aviation services. Sierra Vista has its own newspaper, radio station and television station.

***Conclusion***

The economy for Cochise County relies on two key factors. The predominant factor is the military and support operations generated by the Fort Huachuca Army Base. The other main factor includes the impact from Mexico. The missions assigned to the Fort are expected to decline due to the winding down of two wars and defense cuts. This will have an impact on tourism revenues and overall spending as a result of a reduction in jobs and discretionary spending. Population growth is expected to remain consistent with historical trends.

## NEIGHBORHOOD ANALYSIS



The value of any property is not determined solely by the physical characteristics of the property itself. The economic, environmental, social, and governmental forces in the neighborhood must also be considered for these are often important determinants of value.

The subject property is located on the west side of Arizona Street, the south side of Hoatson Avenue, and the east side of Powell Street in the Warren District of the City of Bisbee, the county seat for Cochise County. Highway 80 provides access to Tombstone and Interstate 10 to the north, and Douglas and the International Border of Mexico to the south. Highway 90 from Bisbee provides access to Sierra Vista, Ft. Huachuca, Patagonia, and Benson. Bisbee is about 60 miles south from Interstate 10 and 25 miles southeast of Sierra Vista, where all types of shopping and other services are available.

Bisbee began as a mining camp that quickly became a boom town in the 1880's. Much of Bisbee was rebuilt in 1908 after being destroyed by a fire and its homes and businesses in the historic downtown area retain a Victorian identity. Many old saloons, office buildings and other landmarks still stand.

Most of the land in the Bisbee area is owned by the Bureau of Land Management or mining companies. Therefore, growth in Bisbee has spread to four distinct neighborhoods. These include Historic Bisbee, the Lowell District, Warren District and the San Jose District. Since the original development during the early 1900's, new development has been occurring in the districts mentioned above which are south of the

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original town site. Homes in Bisbee range from historic quality built in the early 1900's to newer, site-built homes with list/sale prices ranging from \$35,000 to \$300,000.

Tourism is the main industry for Bisbee. There are currently 240 hotel rooms available. The City offers 25 art galleries, 18 antique stores, 20 restaurants (gourmet to fine dining), three museums, 13 parks, a swimming pool, tennis courts, an 18 hole golf course and many sports fields. Cultural activities include historical home tour, Spring Arts Celebration, Farmer's market (May to October), musical events, an annual Thanksgiving weekend Home Tour, annual wine festival, several art openings each month, a fiber arts festival, performances by local theater groups and the annual Vuelta de Bisbee bicycle race.

**Neighborhood Boundaries:**

<i>North:</i>	Mule Mountains
<i>South:</i>	International Border of Mexico
<i>East:</i>	State Route 191
<i>West:</i>	San Pedro River;

**Political/Government:**

Police and Fire Protection: City of Bisbee Fire Department and Police Department

Airports: The Bisbee Municipal Airport serves southeastern Arizona general aviation community with a new 5,900' x 75' runway surface, pilot controlled lighting, complete with taxiway and a new 50' x 50' hangar that is currently rented to a light-sport aircraft flight school. The City of Bisbee maintains an apartment at the airport and a city employee resides there to provide fueling and other customer service functions. An automated fueling station is available.

**Social Forces:**

Schools: The subject is served by the Bisbee Unified School District, which includes Bisbee High School, Bisbee Middle School, Greenway Elementary School, and Lowell Junior High School.

Transportation Linkages: The subject neighborhood benefits from its location adjacent to Arizona Street, and within about one mile from SR 82, 92, and 90. Highway 80 provides access to Tombstone, Bisbee, and Douglas; State Route 90 provides access to Sierra Vista and Fort Huachuca; State Route 92 provides access to Palominas and Hereford; State Route 82 provides access to Huachuca City, where it connects with Highway 90.

**Economic Forces:**

Most of the land in the Bisbee area is owned by the Bureau of Land Management or mining companies. Therefore, growth in Bisbee has spread to four distinct neighborhoods. These include Historic Bisbee, the Lowell District, Warren District and the San Jose District. Since the original development during the early 1900's, new development has been occurring in the districts mentioned above which are south of the original town site. Homes in Bisbee range from historic quality built in the early 1900's to newer, site-built homes with list/sale prices ranging from \$35,000 to \$300,000.

Bisbee is the county seat for Cochise County. Bisbee Town Hall is across the street from the subject and the County Courthouse is in Downtown Bisbee. Major private employers in Bisbee include Cochise County, Copper Queen Community Hospital, Bisbee Unified School District No. 2, and the City of Bisbee.

<b>2012 Demographics:</b> <i>Source: STDBOnline</i>	<b>1-Mile Radius</b>	<b>3-Mile Radius</b>	<b>5-mile Radius</b>
Population:	1,708	3,537	6,582
Annual Rate of Increase 2010-2012	0.01%	-0.19%	-0.26%
Households	853	1,566	3,009
Average Household Size	1.99	2.20	2.11
Annual Rate of Increase In Households	-0.34%	-0.58%	-0.58%
Median Household Income	\$36,476	\$37,902	\$37,700
Average Household Income	\$43,796	\$46,367	\$46,595
2010 Income Statistics:			
Less than \$15,000	22.6%	21.1%	20.1%
\$15,000 to \$24,999	14.0%	13.4%	13.3%
\$25,000 to \$34,999	11.0%	10.8%	12.1%
\$35,000 to \$49,999	17.8%	18.2%	18.4%
\$50,000 to \$74,999	21.2%	21.6%	20.6%
\$75,000 to \$99,999	8.6%	8.3%	8.6%
\$100,000 to \$149,999	3.0%	4.3%	4.6%
\$150,000 - \$199,999	0.2%	0.2%	0.3%
\$200,000 +	1.6%	2.2%	2.0%

**Environmental Forces:**

Predominant Use:

Residential; tourism-related commercial; and agriculture



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Quality of Surrounding Area: Some environmental characteristics that influence value include land use patterns, topography, building densities, property maintenance, nuisances and hazards, and the adequacy of transportation corridors. The subject neighborhood benefits from its proximity to major transportation corridors, local shopping, schools, and recreation facilities. Residential improvements in the area are average quality and value.

Recent building activity includes an entertainment venue, Bisbee Royale, which cost \$1,000,000; Western Bank of Bisbee, at a cost of \$90,000; a new Montessori School on Naco Highway; two solar collector installations are now in operation; and the new Brian Terry U.S. Border Patrol Station is complete. Current construction projects include the Copper Queen Community Hospital expansion of its Emergency Department, a \$4 million undertaking.

Proposed public works projects include Tintown sewer construction; Highway 92 sidewalk improvements in Don Luis; continued paving of local streets; several new recycling stations; pilot sewer line replacement in Brewery Gulch; and several street improvement projects.

***Impact on Value:***

The household count in this area has changed from 3,049 in 2010 to 3,009 in the current year, a decrease of 0.58% per year. The five-year projection of households is 3,048, an increase of 0.25% per year from the current year total. Currently, 52.6% of the 3,787 housing units in the area are owner occupied; 26.9% are renter occupied; and 20.5% are vacant. The median home value in the area is \$101,364, compared to a median home value of \$167,749 for the United States.

Bisbee relies heavily on tourism trade for their economic wellbeing. Local sales tax revenue was flat from 2011 to 2012, but bed tax was down 5% in 2012 and down 16% over the past two years. Visitor Center walk-in guests have been stable during the past year and are projected to remain stable. The City's economic development strategy moving forward includes promoting local businesses to encourage for travel spending, assisting new business start-ups, and development of a new airport industrial park.

In 2012, 17 new construction building permits were issued in Bisbee, compared to 19 new construction permits issued in 2011. In Cochise County, overall, residential unit sales were up 6.9% from 2011. However, the median home price countywide in 2012 was down 8.9% from 2011, representing the fifth consecutive year of decline.

In the subject's Southeast District of Cochise County, which includes Bisbee, Douglas, Naco, Pirtleville, McNeal, Elfrida, and surrounding areas, there were 180 homes sold in 2012, down 2.2% from 2011. The median home price was \$85,000, up 6.3%. The average home price per square foot was \$65.45, up 7.6%. In 2012, foreclosures accounted for one-

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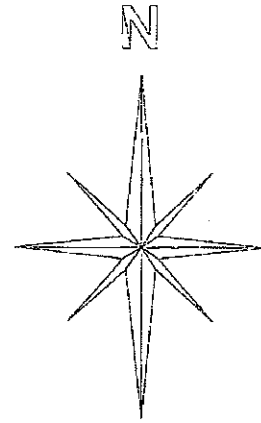
third of all home sales in the Southeast Cochise County District, down about 23% from 42.9% in 2011.

Although some improvement in the local economy is occurring, sluggish economic conditions are expected to continue. The budget cuts from sequestration are expected to affect the local and regional economies. However, it is difficult to accurately forecast the timing and full extent of the economic recovery. *The appraisers are not responsible for unforeseeable future events that may negatively impact the value opinions stated herein.*

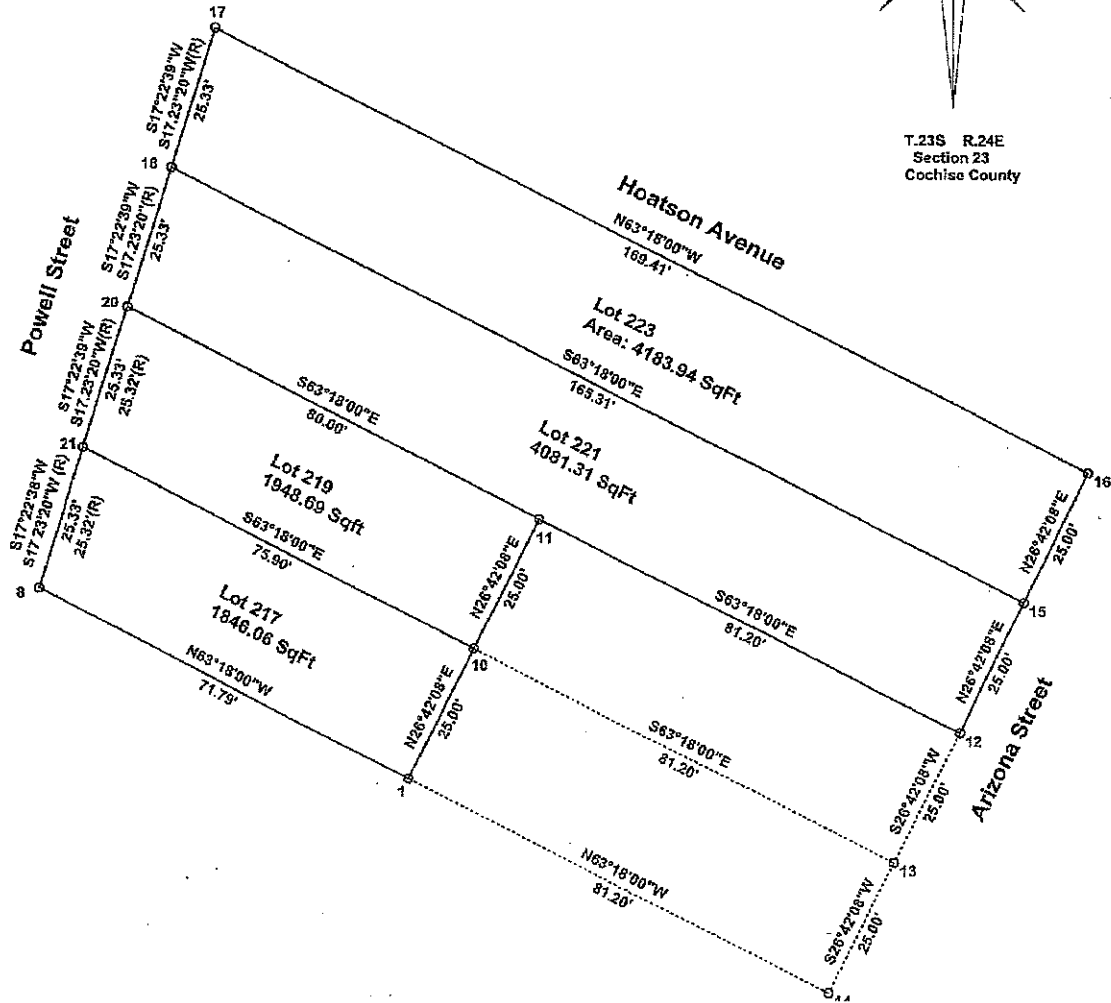
Sketch Plan: Parcel F S S-95

Disposal of Lots 217, 219, 221, 223  
Warren Township, Bisbee  
Cochise County

Total Area of Parcel (Lots): 12060.00SqFt



T.23S R.24E  
Section 23  
Cochise County



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### ***SITE ANALYSIS***

According to the Sketch Plan for Parcel F S S-95 provided to the appraisers by the client, the subject site consists of 12,060 square feet, or 0.277 acres, more or less. Surrounding uses include commercial, office, and residential uses. The subject is encompassed in the C-1 Commercial Zoning District in accordance with the City of Bisbee Zoning Code. The C-1 zoning district permits "Any office, retail, automobile service station, restaurant, day-care center, churches, recreational and educational facilities, small-scale retail and personal service use that serves the day-to-day needs of the residents of the surrounding area."

**Location:** 221 Arizona Street, City of Bisbee, Arizona  
West side of Arizona Street; east side of Powell Street;  
south side of Hoatson Avenue in the Warren District.

**Gross Site Area:** 12,060 square feet, or 0.277 acres, according to the survey sketch and legal description provided by the client. The site is identified by Cochise County Assessor's Parcel Number 101-06-031.

**Topography:** Generally level with a slight southwesterly slope.

**Shape:** L-Shape.

**Access:** Access is available from Arizona Street; Hoatson Avenue; and Powell Street.

**Visibility:** The subject site has visibility to an average volume of traffic from Arizona Street; Hoatson Avenue; and Powell Street. Arizona Street is the main commercial corridor for the Warren District.

**Utilities:**  
*Water:* Arizona Water Company  
*Electric:* Arizona Power Service  
*Sewer:* City of Bisbee  
*Telephone:* Century Link (formerly Qwest Communications)  
*Natural Gas:* Southwest Gas

**Surrounding Uses:**  
*North:* Vacant lot; commercial; residential on interior streets  
*South:* Commercial; church; residential on interior streets  
*East:* Arizona Street; Church; residential on interior streets  
*West:* Powell Street; residential

**Police Protection:** City of Bisbee Police Department

**Fire Protection;** City of Bisbee Fire Department  
**Emergency Medical Services:**

## ASSESSED/FULL CASH VALUATION & TAXES

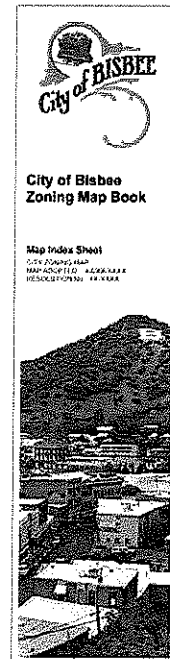
2012/2013 Assessed Value Data			
APN	2013 Full Cash Value	2013 Assessed Value	2012 Taxes
101-06-031	\$86,503	\$17,300	EXEMPT

Governmental agencies are exempt from property taxes. *It is an assumption of this appraisal that taxes would be re-calculated for private ownership and would be similar to comparable vacant land parcels in the area.*

**Zoning:** The C-1 zoning district permits “Any office, retail, automobile service station, restaurant, day-care center, churches, recreational and educational facilities, small-scale retail and personal service use that serves the day-to-day needs of the residents of the surrounding area.”

## CITY OF BISBEE ZONING DIRECTORY

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22	23	24	

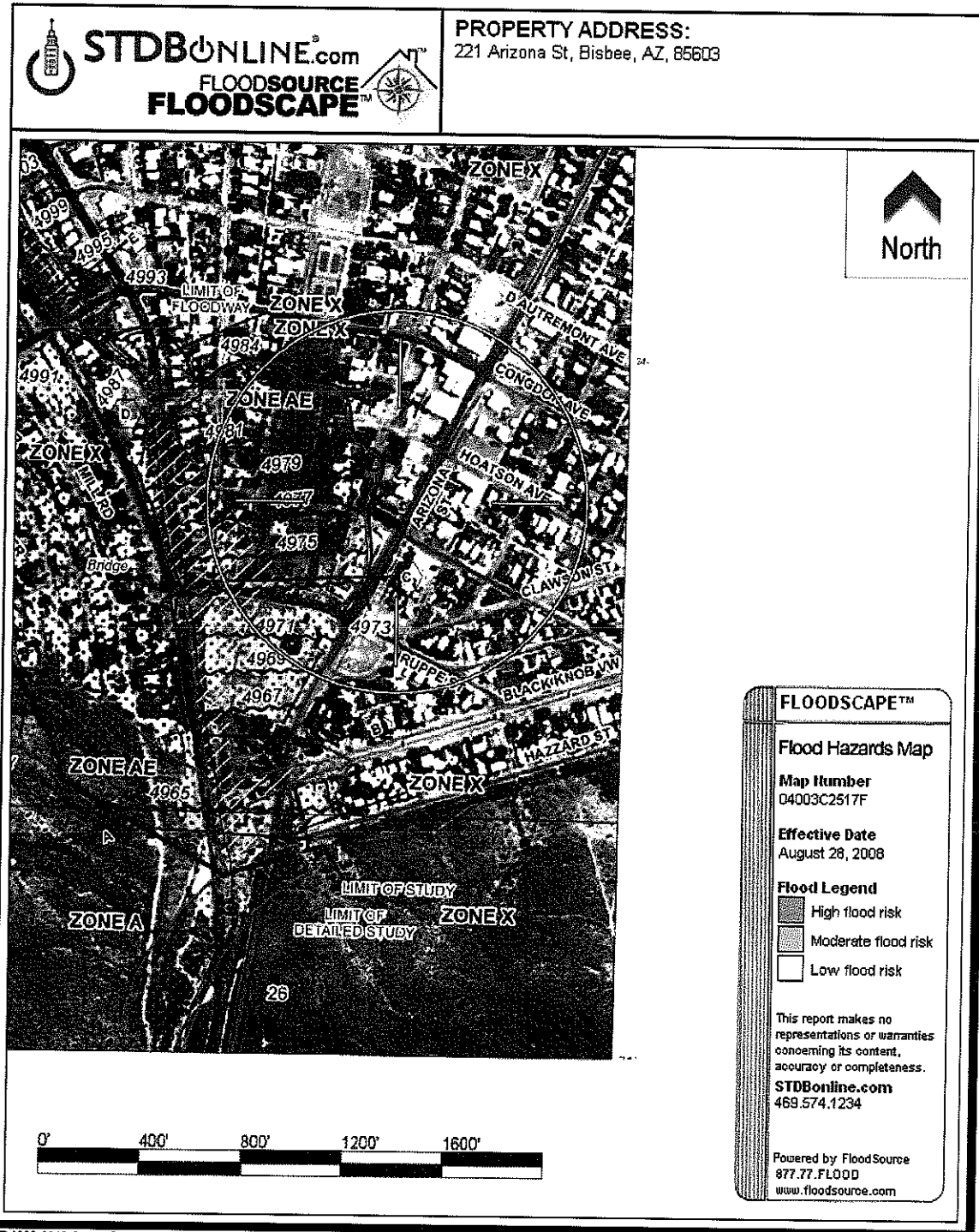


## C-1 ZONING DISTRICT



**Floodplain:**

According to FIRM Map Panel Number 04005C6375G, effective September 3, 2010, the subject site is located in Zone X, which is defined by FEMA to be outside the 100-year and 500-year flood hazard area. The FIRM map is provided below:



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**Nuisances & Hazards:**

There was no evidence of any soil stains, distressed vegetation, odors, or hazardous materials at the time of inspection. Based on the environmental clearance letter provided to the appraisers by the client, this analysis assumes there are no nuisances or hazards present upon or affecting the subject property.

**Division Of Realty And  
Personalty:**

There is no personal property associated with the subject site.

**Site Improvements:**

The subject site is improved with an asphalt-paved parking lot. Additional details provided in Improvements Analysis.

**Restrictions & Easements:**

The client provided a disposal checklist indicating that no adverse title conditions affect the subject property. Based on the report provided by the client, this appraisal assumes that the subject is encumbered by typical utility and access easements.



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## ***IMPROVEMENTS ANALYSIS***

### **General Description:**

The subject property is a single story office building that was originally built in 1952 as a branch bank building. The exterior is wire-cut brick construction. The improvements are considered average quality and in average condition with some deferred maintenance. The improvements have been unoccupied since February, 2010. Here follows a general description of the improvements, followed by a detailed analysis of the elements affecting the overall condition.

*Gross Building Area:* 1,292  
According to the Cochise County Assessor's records, the subject property consists of a 1,118 square-foot office building. However, our exterior measurements indicate a gross building area of 1,292 square feet. This appraisal relies on our actual measurements.

*Year Built:* 1952

*Site Coverage Ratio:* 10.71% based on 1,292 square feet of gross building area and a site area of 12,060 square feet, according to the survey sketch provided by the client.

### **Exterior:**

*Foundation:* Reinforced concrete.

*Walls:* Wire-cut brick

*Structure Classification:* Average quality, Class "C" according to *Marshal Valuation Service*.

*Windows:* Dual pane, anodized aluminum frames; tinted glass side panels in anodized aluminum frames.

*Roof:* Built-Up Composition

*Doors:* Front: Storefront 6-foot wide double entry door with tinted glass and black anodized aluminum frames.

Rear: Metal personnel door with wood exterior frame and metal interior frame.

*Quality:* Average

*Condition:* Average

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**Interior:**

<i>Floors:</i>	12" vinyl tile throughout
<i>Partition Walls:</i>	Painted drywall
<i>Ceilings:</i>	12" dropped acoustic tile
<i>Lighting:</i>	Suspended enclosed fluorescent tubes
<i>Doors:</i>	Solid wood doors
<i>Restrooms:</i>	1 public unisex restroom, ADA compliant 1 employee unisex restroom
<i>Build-out:</i>	1 private office; two restrooms; mechanical room; and storage room.
<i>Plumbing:</i>	Adequate
<i>Quality:</i>	Average
<i>Condition:</i>	Average with some deferred maintenance

**Mechanical:**

<i>Heating &amp; Cooling:</i>	Newer roof-mounted air conditioning unit Newer gas furnace and gas water heater
<i>Electrical Service:</i>	200 amp

<b>Parking:</b>	Front: 2 ADA spaces with ADA ramp to entrance; 1 regular space. Rear: 15 open parking spaces and 3 covered spaces.
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**Estimated Economic Life:** 50 years

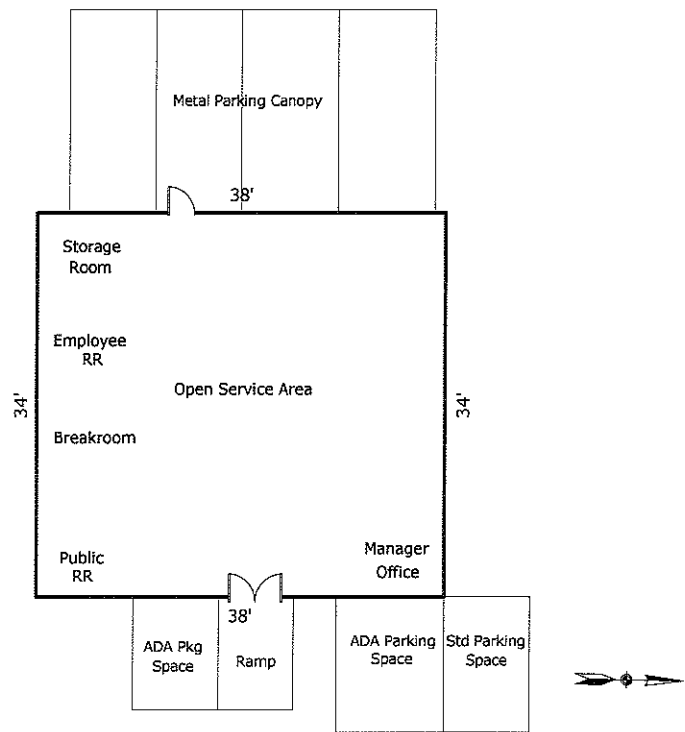
**Effective Age:** 25years

**Estimated Remaining Economic Life:** 25 years

**Deferred Maintenance:** Interior: Paint, flooring, ceiling  
Exterior: Asphalt parking lot, repair and repaint  
front overhang where building signage has been  
removed.

**Functional Utility:** Good. On-site parking is a premium in Bisbee.

BUILDING FLOOR PLAN



Sketch by Apex Medira™				Scale: 1 = 13	
AREA CALCULATIONS SUMMARY				LIVING AREA BREAKDOWN	
Code	Description	Net Size	Net Totals	Breakdown	Subtotals
GLA1	First Floor	1292.00	1292.00	First Floor 38.00 x 34.00	1292.00
Net LIVABLE Area		(rounded)	1292	1 Item	(rounded) 1292

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***SUBJECT PROPERTY***  
**Former Bisbee Motor Vehicles Department Office**

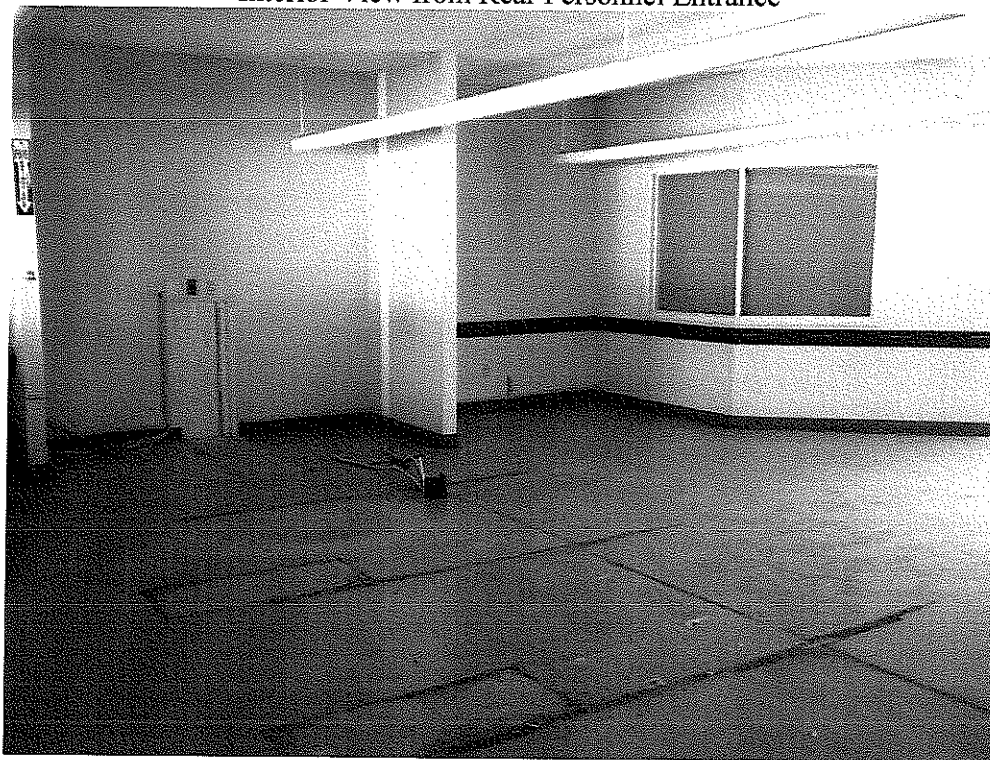
Front View



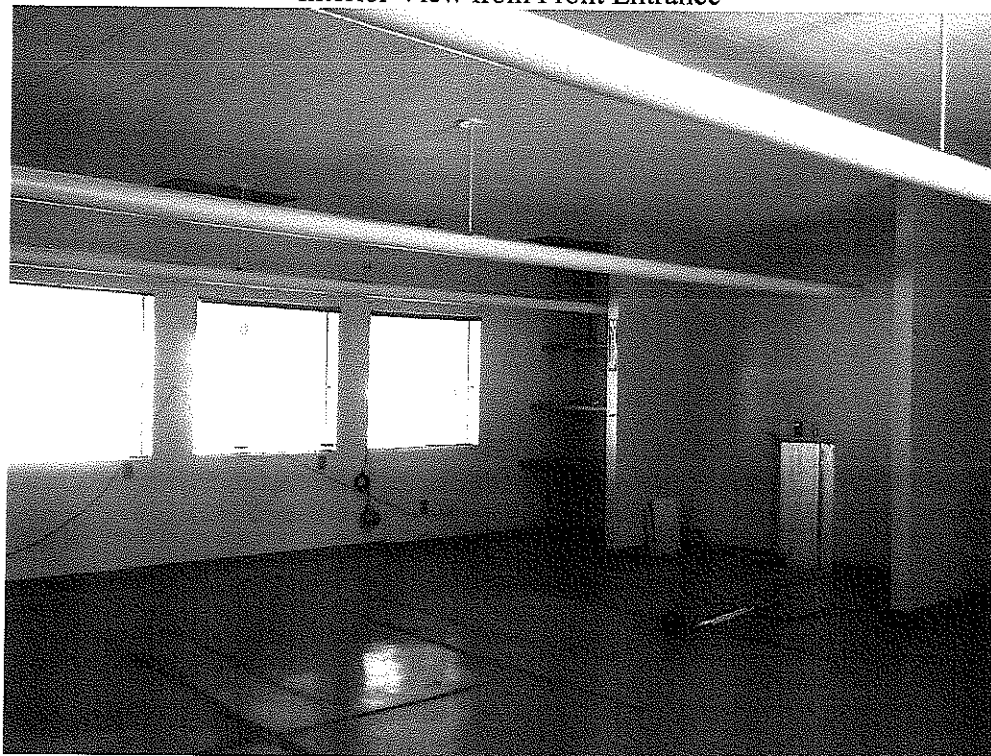
Rear View



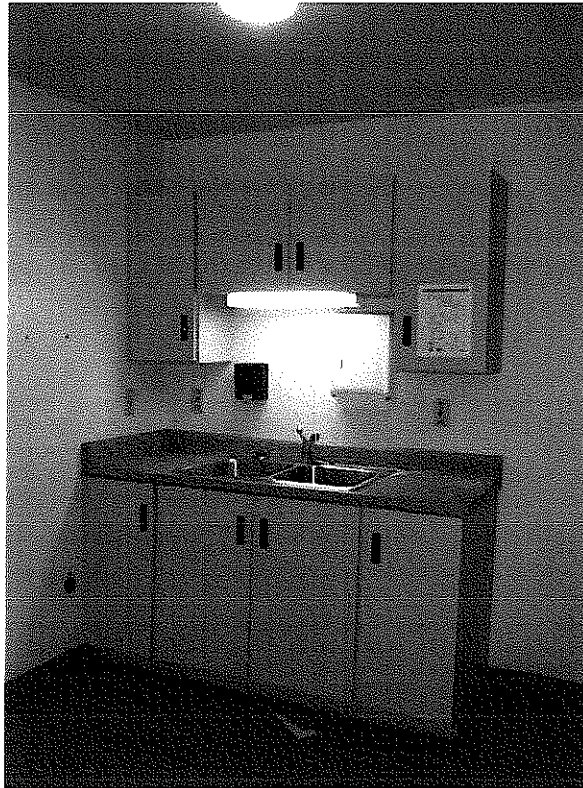
Interior View from Rear Personnel Entrance



Interior View from Front Entrance



Break Room

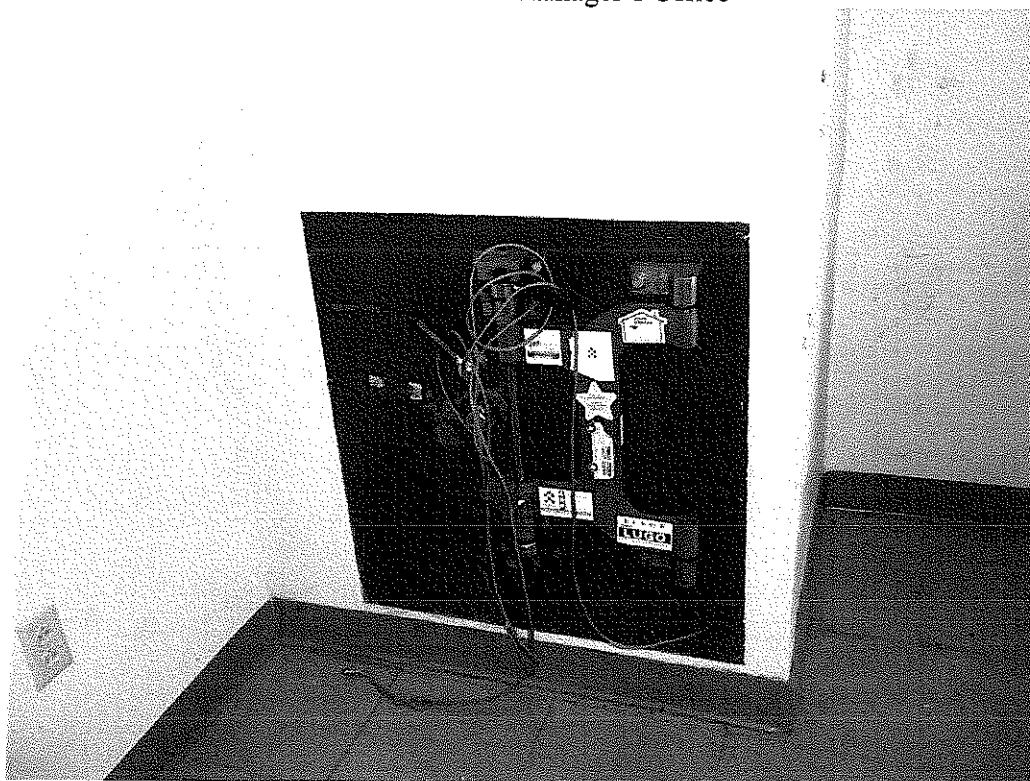


Public ADA Restroom

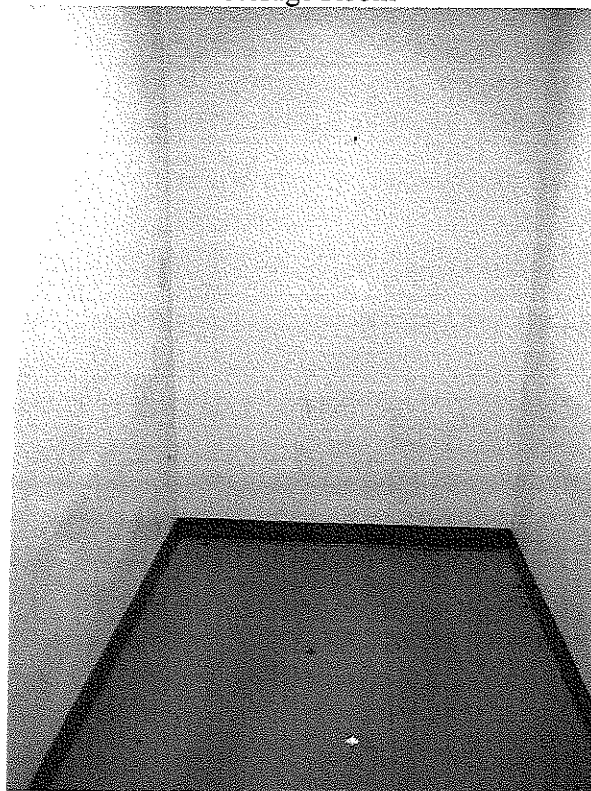


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Safe located in Manager's Office



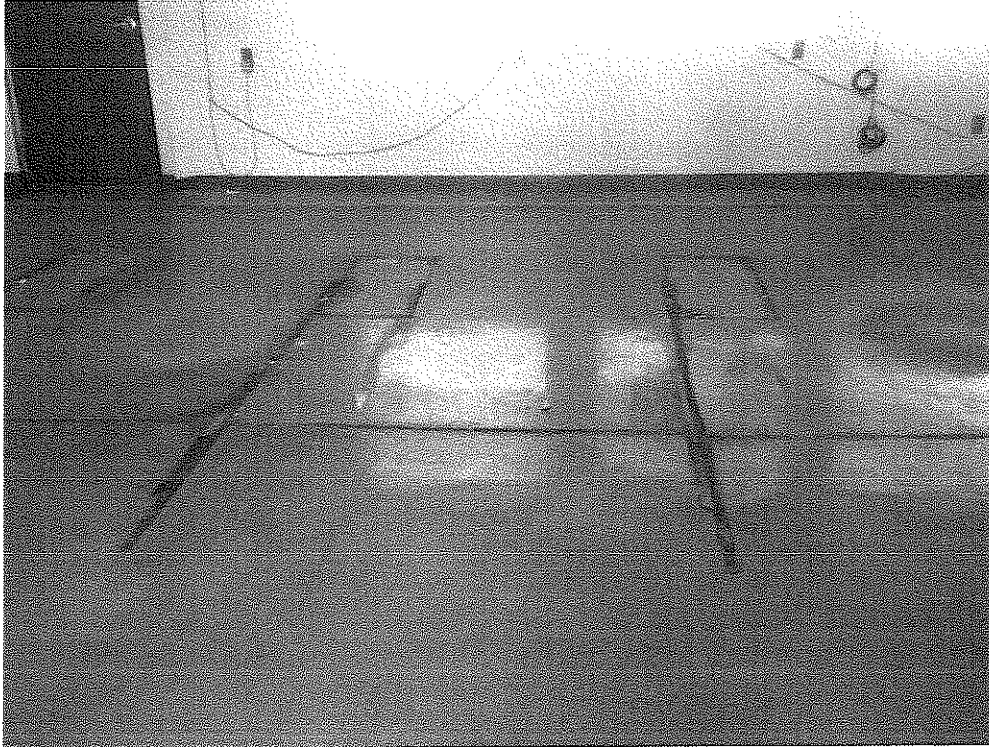
Storage Room





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Deferred Maintenance  
Flooring



Deferred Maintenance  
Ceiling tiles in northeast corner of manager's office





Deferred Maintenance  
Exterior Repair/Paint Signage damage; Asphalt Parking Lot



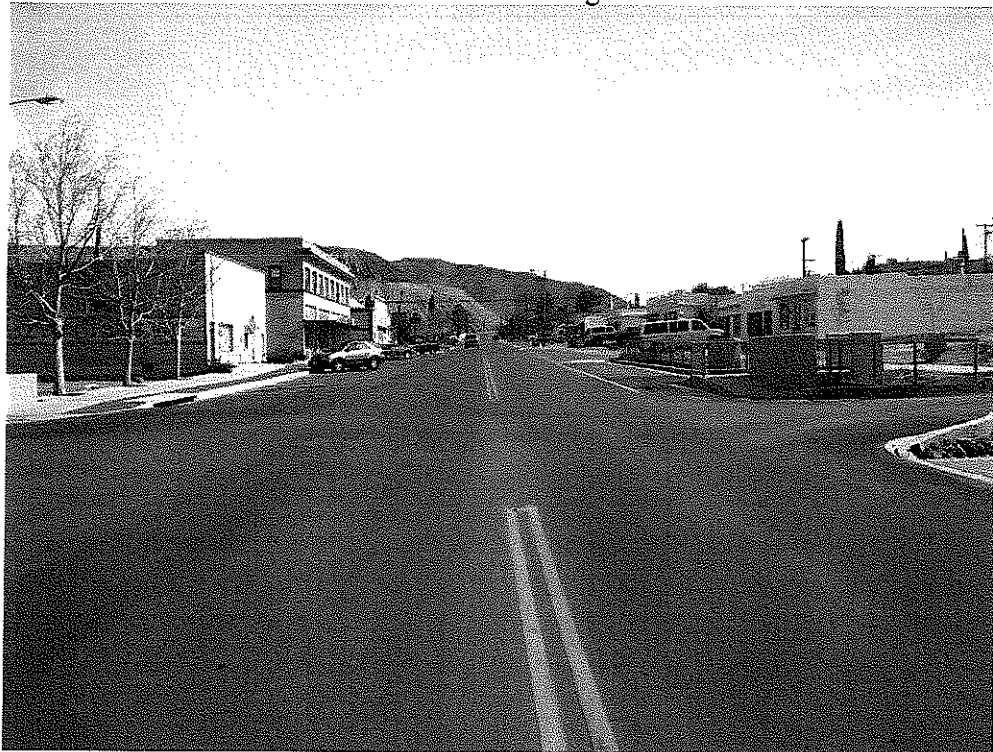
Deferred Maintenance  
Rear Asphalt Parking Lot



Street View  
Arizona Street facing south



Street View  
Arizona Street facing north



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### ***HIGHEST AND BEST USE***

According to *The Appraisal of Real Estate, 13<sup>th</sup> Edition*, published by the Appraisal Institute, highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. (Page 278)

The highest and best use of the land as vacant must meet four criteria. The highest and best use must be:

- 1) ***Legally Permissible:*** What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?
- 2) ***Physically Possible:*** Based on the physical characteristics of the site, what uses are physically possible?
- 3) ***Financially Feasible:*** Which uses meeting the first two criteria will produce a positive return to the owner of the site?
- 4) ***Maximally Productive:*** Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best use.

The four tests above have been applied to the subject property in the following paragraphs.

#### ***AS IF VACANT***

Since the subject site is already improved, the feasibility of highest and best use, as if vacant, for this property is beyond the scope of work. Therefore, this portion of the analysis is omitted.

#### ***AS IMPROVED***

The highest and best use of a property, as improved, considers five alternative courses of action:

- Demolition of existing use.
- Conversion to an alternative use.
- Addition to the existing improvements.
- Renovation of the existing improvements.
- Continue "As is".

Demolition of the improvements is not prudent because the value of the existing improvements is much greater than the land value.

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The subject is currently unoccupied, but it was previously used as a Motor Vehicles Department Service Center for the State of Arizona. Continued government or municipal use is legally and physically possible. Conversion of the property to an alternative use is legally and physically possible. Other commercial uses may include a service business that would benefit from the off-street parking available on the site and access from three sides of the site. Secondary retail use is also legally and physically possible.

Addition is physically possible if extended from the rear of the building, given the relatively large site size. However, off-street parking is limited in Bisbee. A buyer would have to consider the value of the subject's off-street parking versus the need for additional building area.

Some renovation of the property to cure deferred maintenance is suggested, including flooring, interior and exterior paint, and parking lot surface.

Continued government use, office or business use of the property is the most prudent course of action, given current market conditions and limited demand for primary retail uses in the subject's Warren District. As such, office, general business, or continued government use of the property represents the highest and best use of the property, as improved.

***Legally Permissible:***

The subject property is zoned C-1, Commercial, with a minimum lot size of 6,000 square feet in accordance with the City of Bisbee Zoning Code. This zoning district permits office, retail, automobile service station, restaurant, day-care center, churches, recreational and educational facilities, small-scale retail and personal service uses that serve the day-to-day needs of the residents of the surrounding area.

The subject's zoning is compatible with surrounding land uses. Based on the foregoing information, the legally permissible use for the subject property in its "as is" condition is office, commercial service, or continued government use.

***Physically Possible:***

The subject consists of a 1,292 square foot building on a site with approximately 12,060 square feet. The subject is located about 4 miles southeast of Downtown Bisbee, and about 1.5 miles from the intersection of Highways 80 and 92, which provides access to Benson and Tucson to the north; Sierra Vista to the west; and Douglas and the International Border of Mexico to the south. Access is available from three sides of the property: Arizona Street on the east side, Hoatson Avenue on the north side, and Powell Street on the west side.

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Access is considered good. Visibility to an average volume of traffic is available from Arizona Street, the main commercial corridor in the Warren District. However, the volume of traffic is inferior to Downtown Bisbee locations for primary retail use.

The subject has 15 asphalt-paved parking spaces at the rear of the building, three of which are covered with a metal canopy. In addition, there are two ADA-compliant spaces and one standard space in front of the building. On-site parking is in short supply throughout Bisbee. As such, the subject's low site coverage ratio is a positive valuation factor since it provides on-site parking and sufficient area to increase the building size, if desired.

The improvements are functionally adequate and in average condition with some deferred maintenance. The interior has water-stained ceiling tiles, worn and dated flooring, and needs interior paint. The suspended fluorescent light fixtures are somewhat dated, but functional. Visibility is good for office or general service business use. Conversion to an intensive retail use, while legally permissible, is not prudent since the area is not part of Bisbee's main shopping district. The physically possible use, as improved, is office, general business, or continued government use

***Financially Feasible and Maximally Productive:***

The data presented in the Sales Comparison Approach indicates that there is some demand for office or commercial-use properties like the subject property. To demolish the existing office improvements would not be economically feasible since they add value to the site. The property is in average condition and no renovations, other than curing deferred maintenance, are necessary.

Therefore, the financially feasible and maximally productive use of the subject, as improved, is office, general business, or continued government use, with deferred maintenance cured.

***SALES COMPARISON APPROACH***

In the Sales Comparison Approach to value, sales of similar improved properties are analyzed and adjusted to the subject property. This approach applies the principle of substitution which affirms that, when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property without undue or costly delay.

Adjustments to the comparable sales are made for each of the following elements of comparison: real property rights conveyed, financing terms, conditions of sale, market

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conditions, location and physical characteristics. The most appropriate unit of comparison for this type of property is the sale price per square foot. This unit of comparison is calculated by dividing the sales price by the building square footage.

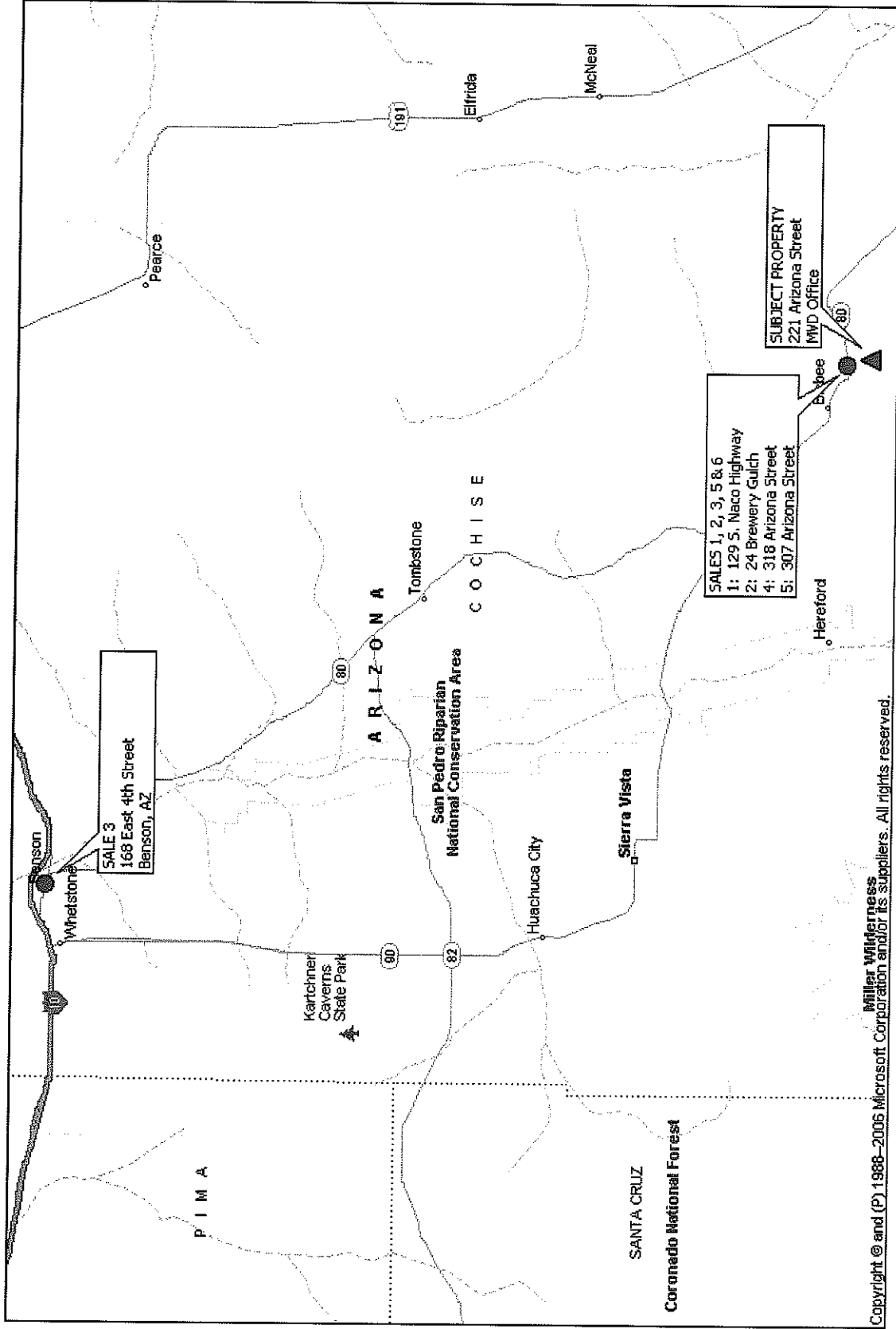
Our initial search for comparable sales focused on office or commercial buildings in the City of Bisbee. However, due to limited data within the City of Bisbee, we expanded our search to include other small communities like Bisbee throughout Cochise County. The following analysis presents two sales and two listings in Bisbee, and one sale in Benson, Arizona. The sale data selected is considered to be the best available for this appraisal.

The data is presented in the following section. A map showing the location of each sale relative to the subject property and photographs of each sale follow. The adjustment matrix precedes the conclusion of the analysis.

As previously discussed in the Appraisal Process section of this report, current market conditions indicate that market rents for small offices like the subject do not support investor purchases of this type of property for income producing purposes. As such, the typical motivation for ownership of buildings like the subject is for owner occupancy and not rental income. Therefore, the Income Approach has not been employed.

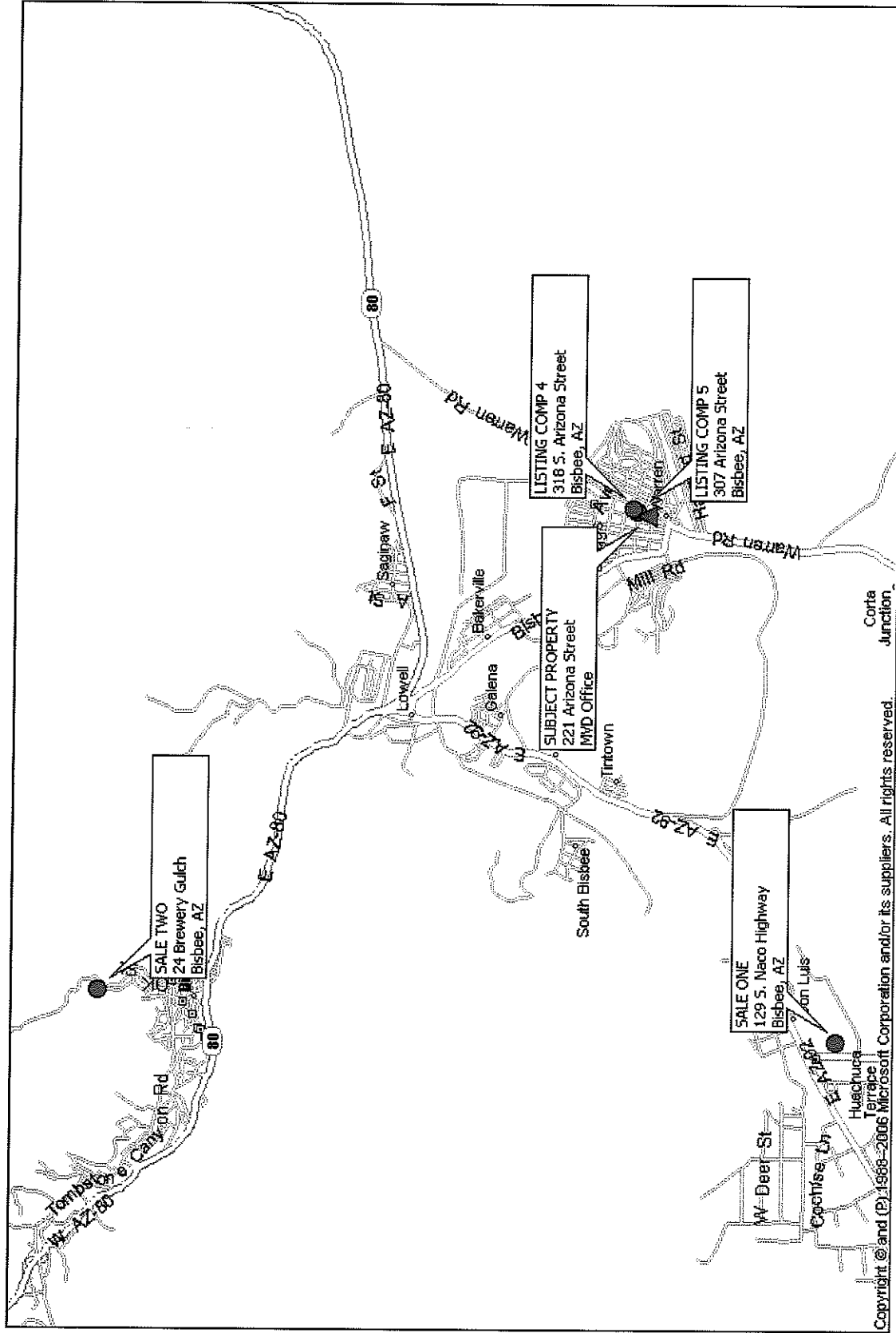
The Cost Approach is most appropriate for new or nearly new properties in which little depreciation has accrued. The subject property was originally constructed in 1952 as a branch bank building. It was renovated and converted to a Motor Vehicles Department Service Center in approximately 1996. Considering the age of the building, renovations, and the difficulty in estimating accrued depreciation in older properties, the Cost Approach was not applied. In addition, a typical buyer does not rely on this approach for its purchase decisions.

# OVERALL IMPROVED SALES MAP



Miller Wilderness  
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# IMPROVED SALES MAP - BISBEE SALES & LISTINGS



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## ***IMPROVED SALE ANALYSIS***

In order to estimate the market value of the subject property, recent improved sales in subject's market area were gathered that are similar to the subject property in terms of size, zoning, and physical characteristics. Two of the comparable sales and two listings are located in the City of Bisbee. A third sale is located in Benson, Arizona. Like the subject, all of the sales are similar in use and physical characteristics. The sales and listings presented are considered the best data available.

Adjustments are made to each comparable sale for differences in property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, and zoning. Quantitative adjustments have been made for each element of comparison. The adjustments are based on conversations with buyers, sellers, real estate agents, costs and trends in the marketplace.

Here follows the analysis of the sales by each element of comparison. An adjustment matrix summarizing the adjustments as they apply to the comparable sales precedes the conclusion of this analysis.

### ***Property Rights Conveyed:***

Sale One, Sale Three, and Listing 4 convey fee simple interest property rights. Sale Two and Listing Five convey the leased fee interest. No market data was available to indicate a difference in price between leased fee and fee simple property rights. Thus, no adjustments are made for property rights conveyed.

### ***Financing Terms:***

In accordance with the definition of market value, adjustments for financing terms assumes all cash or cash to the seller with the buyer obtaining new conventional financing at prevailing interest rates. Sales One and Three were cash-equivalent transactions and no adjustments are necessary for financing terms. Sale Two involved a 25% down payment and seller financing the balance at 7% for 20 years. These are considered market level terms and no adjustment is applied. Listings Four and Five are assumed be cash-equivalent transactions.

### ***Conditions of Sale:***

Adjustments for conditions of sale consider any unusual circumstances that may have affected the sale prices. Examples of these conditions include a purchase by an adjacent property owner, a seller under duress, or related buyer and seller. Sale Three involved a highly motivated

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seller, an interior design firm that bought the property in 2005 during the peak of the housing boom, had to close and was experiencing financial difficulties due to the recession. The property had been on the market since October, 2008 at a beginning list price of \$199,000. After multiple price reductions during the ensuing years, the price was changed to \$69,000 in September, 2011. It went under contract for \$70,000 on February 17, 2012. Given the length of time the property was marketed, and the multiple price reductions, we believe the sale price represents market value and no adjustment is applied. No extraordinary conditions were reported for the remaining comparable sales and no adjustments are warranted for Conditions of Sale.

***Market Conditions (Date of Sale):***

An adjustment for market conditions considers any changes that occur in the marketplace over time. These changes include fluctuations in supply and demand, inflation or deflation. Since the subject property is appraised as of a specific date, the sales must be analyzed to determine the direction of change, if any, during the period between the sale date and the date of valuation.

The transaction dates for the comparable sales range from March 27, 2012 to June 13, 2012. Listing 5 has been on the market for over four years. Listing 4 has been on the market for about 7 months.

According to brokers in Bisbee and Benson, there is still little demand for commercial or office properties. The consensus of opinion is that the decline in prices has slowed and perhaps has bottomed out. However, activity is still limited and list prices for active listings are still being reduced. Home prices are slowly starting to recover and commercial prices tend to eventually follow the housing trend. The sales data reviewed for this appraisal have sale-price-to-list-price ratios ranging from 71% to 100% of list price. Marketing times range from 56 days to over 4 years. The average ratio of sale price to list price for the comparable sales selected for analysis is 78.8%. However, Sale Three, located in Benson, sold for 100% of the list price. Greater weight is given to the two sales located in Bisbee, which have an average ratio of 68.2%

Based primarily on interviews with brokers, the ratio of sale price to list price for the comparable sales, and the marketing times for current listings, downward adjustments of 0.5% per month are applied to the comparable sales for the time period from the sale date to the effective date of value. Giving consideration to the average sale-price-to-list-price ratios for the sale data gathered for analysis, downward adjustments of 30% have been applied to the active listings for projected price negotiations.

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***Location:***

Adjustments for location are based on the general area of the sale, access and visibility. The subject site is located in the Warren District within the City of Bisbee. The main shopping district for the City of Bisbee is Downtown Historic Bisbee, about 4 miles northwest of the subject. For retail use, Downtown Bisbee is superior to the subject. However, the Warren District has recently undergone a "face-lift," including new sidewalks, landscaping, solar street lights, and placement on the National Register of Historic Places, which is expected to provide tax reductions for many homeowners in the area and improve the appearance of the area. Arizona Street is the main commercial corridor for Warren. The Bisbee Town Hall is located across the street on Arizona Street, the Boys and Girls Club, several churches, and miscellaneous retail and service businesses. Surrounding homes and businesses are superior in condition to those in Downtown Bisbee.

**General Location:** General location adjustments are based, in part, on a comparison of broker opinions for the different locations and demographics within a one-mile radius, as shown in the following table.

<u>Category</u>	<u>Subject</u>	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>	<u>Listings 4 &amp; 5</u>
2012 Average Household Income	\$43,796	\$51,779	\$45,774	\$44,113	Same as Subject
2012 Median Household Income	\$36,476	\$40,978	\$36,345	\$31,874	Same as Subject
Median Home Value	\$102,024	\$110,292	\$96,848	\$96,848	Same as Subject
2012 Population	1,708	1,041	1,164	3,359	Same as Subject

Sale One is located on Naco Highway, just south of Highway 92, about two miles southwest of the subject. The surrounding area is similar to the subject but the income levels and median home values are slightly higher than the subject. A slight downward location adjustment is applied for this sale's superior visibility to a higher volume of traffic and adjacent to an anchored shopping center.

Sale Two is located in Downtown Bisbee. As indicated above, the income levels are similar and the median home value is slightly lower. For retail use, this location is better than the subject and a downward location adjustment is indicated.

Sale Three is located in Benson, Arizona, on Fourth Street, the main commercial corridor for Benson. Benson does not have the historic appeal that Bisbee has, and the climate is slightly

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warmer due to the lower elevation. As indicated above, the median income level and home value are lower than Bisbee. An upward general location adjustment is indicated.

Listings Four and Five are located near the subject on Arizona Street in the Warren District. No location adjustments are needed.

**Access & Visibility.** As previously discussed, the subject is located on the main commercial corridor in the Warren District of Bisbee. This area has recently undergone a “renaissance” to improve the overall appearance and provide historic registry tax benefits for the area residents. Charles Gahn, a broker with RE/MAX Home Stores Realty, stated that Warren is a nicer area than Downtown Bisbee, and the surrounding homes and businesses are in better condition than those in Downtown Bisbee. However, the traffic volume on Arizona Street is less than the traffic volume in Downtown Bisbee, or the Naco Highway area.

Sale One is located on Naco Highway, which provides access to and from the International Border of Mexico. As such, this location has a much higher volume of traffic. Sale Two is located in Downtown Bisbee, which is the primary shopping district and tourism attraction. Downward adjustments for better access and visibility to higher volume of traffic are applied to Sales One and Two. No adjustment for this element of comparison is needed for Sale Three or Listings Four and Five.

***Physical Characteristics:***

**Gross Building Area:** The market frequently recognizes economies of scale. This considers that sales of larger properties tend to sell at lower prices per square foot than smaller properties. Conversely, smaller properties tend to sell at higher prices per square foot. This analysis is based on the basis of price per square-foot of building area. The subject property consists of 1,292 square feet of gross building area, according to our measurements. The sales range from 1,405 to 3,018 square feet. Listings Four and Five consist of 1,356 and 5,000 square feet, respectively.

Sales One and Three, and Listing Four consist of 1,405, 1,871, and 1,356 square feet, respectively. These buildings are generally similar in size to the subject and no size adjustment is applied.

Sale Two consists of 3,018 square feet. It is a two-story building with retail on the ground floor and two residential apartments on the upper level. An upward adjustment is applied for the larger building area.

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Listing Five consists of 5,000 square feet. An upward adjustment is indicated for the larger building size.

**Quality of Construction:** The subject is constructed of wire-cut brick exterior walls, built-up roof, and dual-pane windows. It is considered to be average quality masonry construction.

Sale One, Sale Three, and Listings Four and Five are considered similar in quality of construction and no adjustments are indicated.

Sale Two is below-average quality, wood frame and wood siding with a brick veneer front. An upward adjustment for inferior quality of construction is applied.

**Year Built and Condition:** The subject was built in 1952 and renovated in 1996 when the client converted the building from a bank to a motor vehicles service center. It has dual-paned windows, a security alarm, newer air conditioning and gas furnace, ADA-compliant restrooms and parking, and a built-in safe. The improvements have been unoccupied since February 2008. Deferred maintenance includes interior flooring and paint, ceiling damage repair, exterior repair and paint of prior signage damage, and asphalt parking lot resurfacing.

Sale One was originally built in 1980 and was in average condition at the time of sale. It was previously a dental office. No adjustment is applied for this sale's similar condition.

Sale Two was built in 1900 and was in below average condition, overall. According to the Listing Agent, the ground floor retail area was in average condition. However, the residential units on the upper level were in poor condition. An upward adjustment is applied for inferior condition.

Sale Three was built in 1920 and was renovated in 2006 for an interior design company. The flooring was good quality ceramic tile, the interior walls were in good condition, and the HVAC, ceiling tiles, lighting, and ADA-compliant bathrooms were new in 2006. The front had been faced with slate tile. A downward adjustment for superior condition is applied.

Listing Four was originally built in 1949 and is currently in average condition. It was renovated in 2004, the roof was re-coated in 2011 and the residential portion has all appliances and a detached storage building. No adjustment is necessary.

Listing Five was built in 1915 and is currently in below average condition. The retail portion has worn carpeting and vinyl tile, private restrooms, unfinished drywall partitions, and older lighting. An upward adjustment is applied for condition.

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**Improved Build-out:** The subject is 100% built-out with interior walls for a private office, secure storage, a public ADA-compliant restroom, employee restroom, dropped acoustic tile ceilings, and wiring for multiple telephone/internet connections.

Sale One is 100% built-out and no adjustment is necessary.

Sale Two and Listing Four are 100% built out with 50% retail and 50% residential. No adjustment is indicated.

Sale Three is 50% retail and 50% open storage. This sale was previously occupied by an interior design firm and the rear 50% was used for product storage with access from the rear for loading and delivery. According to Marshall Valuation Service, the estimated build-out cost, new, for an average quality office is \$45.28. The subject's estimated effective age is 25 years, which indicates physical depreciation of 25%. After deducting depreciation, the estimated depreciated value of the subject's build-out is \$33.96, rounded to \$34.00. Thus, an upward adjustment for build-out is estimated using \$34 per square foot for the un-improved portion, or \$30,600 ( $\$30/\text{SF} \times 900 \text{ SF} = \$30,600$ ). The adjustment is calculated by dividing \$30,600 by the total building area of 1,871, which is equal to \$16.35 per square foot ( $\$30,600 \div 1,871 = \$16.35/\text{SF}$ ).

Listing Four is 100% built-out with 50% retail and 50% residential. No adjustment is applied.

Listing Five was originally built as a movie theatre. Approximately 30% is built-out for retail use and workroom for a screen printing shop that fronts Arizona Street. The remainder, or 3,500 square feet, is not finished and is used for product storage with access from both sides and a rear alley for loading and delivery of product. Using the same methodology as Sale Three, an upward adjustment of \$119,000, or \$23.80 per square foot, is applied. ( $3,500 \text{ SF} \times \$30/\text{SF} = \$119,000 \div 5,000 \text{ SF} = \$23.80/\text{SF}$ ).

**Site Coverage Ratio:** The subject has a site coverage ratio of 10.71%, based on a gross building area of 1,292 square feet and a site size of 12,060 square feet. A low site coverage ratio provides additional area for expansion or parking. The subject has an asphalt-paved parking area in the rear of the building with 15 open spaces and 3 covered spaces. In front of the building, facing Arizona Street, there are two ADA-compliant spaces and one standard space, also asphalt-paved. On-site parking is a premium benefit in Bisbee. According to Charles Gahn, a real estate broker with RE/MAX in Bisbee, stated that having on-site parking in Warren offsets a Downtown Bisbee location that has only street parking.

Sale One, Listings Four and Five have similar site coverage ratios and availability of on-site parking. No adjustments for this element of comparison are necessary.

Sale Two has a 143.7% site coverage ratio due to the two story structure with 3,018 square feet on a 2,100 square foot site. There is no on-site parking and a significant upward adjustment is applied.

Sale Three has a 49.9% site coverage ratio and has two parking spaces in the rear of the building with alley access. An upward adjustment for inferior on-site parking is indicated.

**Zoning:**

The subject is zoned C-1, Commercial in the City of Bisbee. All of the sales have similar zoning and no adjustments are necessary.

**Other Data:**

Other data considered for this appraisal is summarized in the following table.

OTHER DATA CONSIDERED				
SALE DATE	LOCATION	BLDG. SIZE	SALE PRICE/ PER S.F.	COMMENTS
11/1/2011	16-18 Naco Road Downtown Bisbee	6,878	\$187,500 \$27.26	This was formerly a funeral home with a 781 SF basement and a second floor living area. It is located in Lyric Plaza in Downtown Bisbee. The property was bank owned and the seller was motivated for a quick sale. The property was on the market for 167 days with an original list price of \$249,000. It was in below average condition with significant deferred maintenance and dated interior. The buyer was a dentist who gutted the entire building and renovated it for his own dental practice. This sale was not selected due to its lack of comparability to the subject.
5/9/2012	67 Main Street Downtown Bisbee	10,889	\$182,300 \$16.74	This sale potentially has a one-bedroom apartment 7 possible retail or office spaces, a large basement and a ballroom. The property was bank-owned and sold in poor condition. There is no central HVAC and only street parking is available. The property was on the market for 451 days with an original list price of \$249,000. The seller was highly motivated to sell. This sale was not selected for analysis due to its lack of comparability to the subject.

The above sales were considered but after inspection were omitted from our analysis. The sales are in Downtown Bisbee and are significantly larger than the subject with more intensive potential use. In addition, they were bank-owned and in poor condition. Although

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these are recent sales in Bisbee, they are considered insufficiently comparable to include in our analysis.

An Adjustment Matrix summarizing the adjustments as they apply to the comparable sales.



# IMPROVED SALES ADJUSTMENT MATRIX Arizona Motor Vehicles Department Excess Holdings - Parcel L-S-007

SUBJECT		SALE 1		SALE 2		SALE 3		LISTING 4		LISTING 5	
ELEMENTS OF COMPARISON	221 Arizona Street Bisbee, Arizona	1191 S. Naco Highway Bisbee, Arizona	24 Brewery Gulch Downtown Bisbee, Arizona	168 E. Fourth Street Benson, Arizona	318 Arizona Street Bisbee, Arizona	307 Arizona Street Bisbee, Arizona					
	Fee Simple	Fee Simple	Leased Fee	Fee Simple	Fee Simple	Leased Fee					
SALE PRICE PER S.F.	\$81.85	\$115,000	\$140,000	\$70,000	\$120,000	\$200,000					
PROPERTY RIGHTS CONVEYED	Fee Simple	0%	0%	0%	0%	0%					
FINANCING TERMS	Assume cash to seller	Cash to Seller / PrivateFin	25% Down, SCB	Cash to Seller	All Terms Considered	Only Cash to Seller					
ADJUSTMENT		0%	0%	0%	0%	0%					
CONDITIONS OF SALE	Market	Market	Market	Market	Market	Market					
ADJUSTMENT		0%	0%	0%	0%	0%					
DATE OF SALE	March 20, 2013	June 13, 2012	April 11, 2012	March 27, 2012	Active Listing	Active Listing					
ADJUSTMENT	(Date of Value)	-4.50%	-5.50%	-6.00%	-30.00%	-30.00%					
ADJUSTED SALE PRICE PER S.F.		\$78.17	\$43.84	\$35.17		\$28.00					
LOCATION	Warren, City of Bisbee	San Jose, City of Bisbee	Downtown Bisbee	Downtown Benson	Warren - City of Bisbee	Warren - City of Bisbee					
ADJUSTMENT	N/A	-5%	-5%	20%	0%	0%					
Access & Visibility	Average / Average	Good / Good	Average / Good - Downtown	Average / Average	Average / Average	Average / Average					
ADJUSTMENT	N/A	-15%	-20%	0%	0%	0%					
PHYSICAL CHARACTERISTICS											
Gross Building Area+BS7 (Square Feet)	1,292	1,405	3,018	1,871	1,356	5,000					
ADJUSTMENT	N/A	0%	15%	0%	0.0%	25%					
Quality/Construction	Average/Masonry	Average Masonry	Below Average / Wood Frame	Average / Masonry	Average / Masonry	Average / Masonry					
ADJUSTMENT	N/A	0%	10%	0%	0%	0%					
Year Built / Condition	1952 / Average	1980 / Average	1900 / Below Average	1920 / Good	1949 / Average	1915 / Below Average					
ADJUSTMENT	N/A	0%	15%	-10%	0%	20%					
Improved Build-out	100% built-out	100% built-out	50% retail; 50% Multi-Family	50% retail; 50% storage	50% retail; 50% Res.	30% retail; 70% Storage					
ADJUSTMENT	N/A	0%	0%	+\$30,600 (\$34/SF X 900 SF)	0%	-\$119,000 (\$34/SF X 3,500 SF)					
Site Coverage Ratio	10.71%	11.52%	143.7%	49.9%	12.9%	28.7%					
Parking Availability	18 spaces; ADA Compliant	Good	Street Parking Only	Street Pkg; 2 Spaces in Rear	Street Pkg; Pkg in Rear	Space Available each side					
ADJUSTMENT	Site Size of 12,060 SF	Site Size of 12,197 SF	2-story on 2,100 SF Site	Based on a 3,750 SF Site	Based on a 10,500 SF Site	Based on a 17,400 SF Site					
ADJUSTMENT	N/A	0%	25%	20%	0%	0%					
Zoning	Commercial, City of Benson	Commercial - City of Bisbee	Commercial - City of Bisbee	B2 - City of Benson	Commercial - City of Bisbee	Commercial - City of Bisbee					
ADJUSTMENT	N/A	0%	0%	0%	0%	0%					
ADJUSTED SALE PRICE / S.F.		\$62.53	\$61.37	\$62.07	\$61.95	\$64.40					
Mathematical Average: \$62.46 Per S.F.											
Rounded to: \$80,704 Per S.F.											
Improved Adj. Grid 13495-0											

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***Conclusion:***

The comparable sales provide unadjusted value indicators of \$37.41 to \$88.50 per square foot. After making adjustments for all of the appropriate elements of comparison, the adjusted price range from the comparable sales is \$61.37 to \$64.40 per square foot. The mathematical average is \$62.46 per square foot. Greatest weight is given to Sale One for its similar physical characteristics and more proximate location to the subject. Equal weight is given to the remaining sales and listings.

Based on the foregoing data and analysis, it is our opinion that the "as is" market value of the subject property is \$62.00 per square foot, or \$80,104, rounded to \$80,000, as calculated below:

$$\begin{array}{rcl} 1,292 \text{ Square Feet} \times \$62.00 \text{ per square foot} & = & \$80,104 \\ \text{Rounded To:} & & \$80,000 \end{array}$$

**"AS IS" MARKET VALUE OPINION FOR THE SUBJECT  
PROPERTY AS OF MARCH 20, 2013 .....\$80,000**

*The above market value opinion equals \$61.92 per square foot,  
based on a gross building area of 1,292 square feet*

***EXPOSURE TIME***

Marketing times for the comparable sales and listings are as follows:

<u>SALE</u>	<u>MARKETING TIME</u>
1	56 Days
2	155 Days
3	692 Days @ Final List 1,047 Cumulative Days
4	200 Days
5	170 Days

Based on the foregoing, exposure time for the subject is estimated at 12 months or less.

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CERTIFICATE OF APPRAISER

Project Number: H089301R

Parcel Number: L-S-007

Highway: Statewide Excess Land-Bisbee MVD Service Center #529408

I hereby certify:

That I have given consideration to the value of the property, the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present in the property, were not observed by myself or acknowledged by the owner. This appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

My analysis, opinion, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

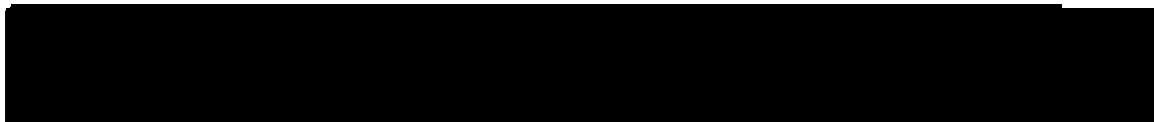
That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, policies and procedures applicable to appraisal of right of way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That I understand this appraisal will not be used in connection with acquisition of right of way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have not revealed the findings and result of such appraisal to anyone other than the property officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by property State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

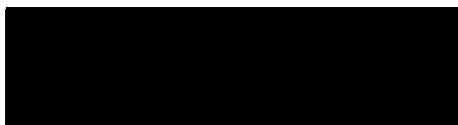
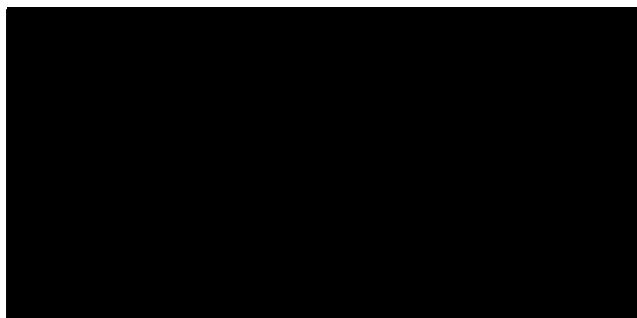


That my opinion of the MARKET VALUE of the subject property as of the 25th day of March, 2013, is based upon my independent appraisal and the exercise of my professional judgment is:

**“AS IS” MARKET VALUE OPINION FOR THE SUBJECT  
PROPERTY AS OF MARCH 20, 2013 ..... \$80,000**

*The above market value is equal to \$61.92 per square foot of building area,  
based on a gross building area of 1,292 square feet.*

Date: March 25, 2013



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CERTIFICATE OF APPRAISER

Project Number: H089301R

Parcel Number: L-S-007

Highway: Statewide Excess Land-Bisbee MVD Service Center #529408

I hereby certify:

That I personally inspected the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.

That I have given consideration to the value of the property, the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present in the property, were not observed by myself or acknowledged by the owner. This appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

My analysis, opinion, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, policies and procedures applicable to appraisal of right of way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

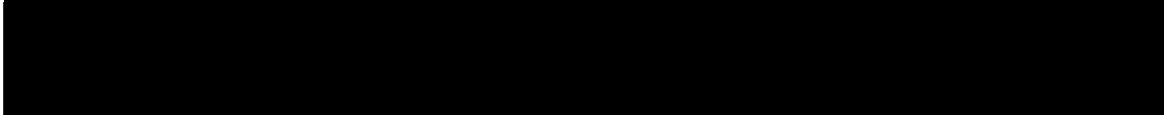
That I understand this appraisal will not be used in connection with acquisition of right of way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the

property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have not revealed the findings and result of such appraisal to anyone other than the property officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by property State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

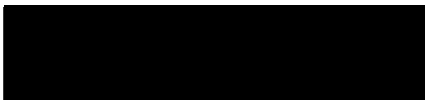
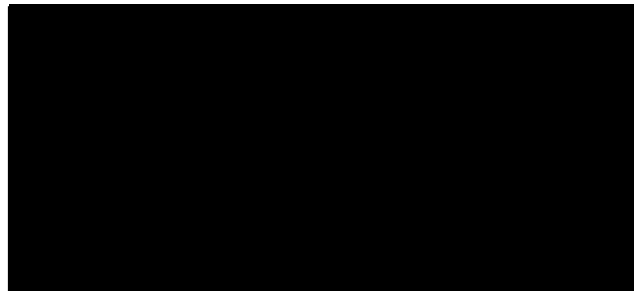


That my opinion of the MARKET VALUE of the subject property as of the 19<sup>th</sup> day of March 20, 2013, is based upon my independent appraisal and the exercise of my professional judgment is:

**“AS IS” MARKET VALUE OPINION FOR THE SUBJECT  
PROPERTY AS OF MARCH 20, 2013 ..... \$80,000**

*The above market value is equal to \$61.92 per square foot of gross building area,  
based on a gross building area of 1,292 square feet.*

Date: March 25, 2013



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## ***CERTIFICATION***

THE APPRAISER CERTIFIES TO THE BEST OF MY KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.

The appraisal assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

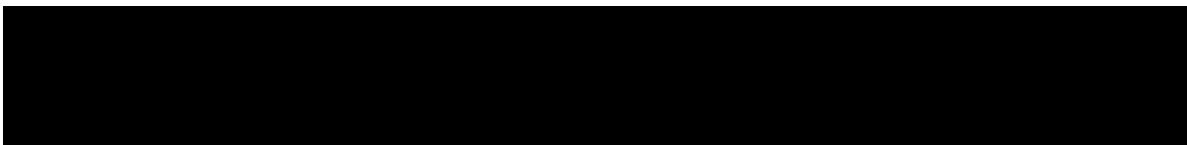
The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person signing this certification except as stated in the report.

The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.



I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraiser's Statement of Qualifications.

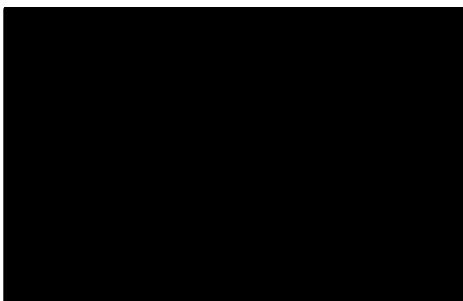


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Certification.....

All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser".

No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.



Date: March 25, 2013





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## ***CERTIFICATION***

THE APPRAISER CERTIFIES TO THE BEST OF MY KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event. I have performed this appraisal without instructions or pressure from anyone who desires a specific value conclusion or value conclusions within a given range.

My analyses, opinions, and conclusions were developed, and this report has been prepared in accordance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and any governmental authorities referenced within the appraisal report, including but not limited to the FDIC, OCC, FHLBB, and RTC.

I made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the person(s) signing this report, except as stated in the report.

The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute. The use of this report is subject to the requirements relating to review by its duly authorized representatives.

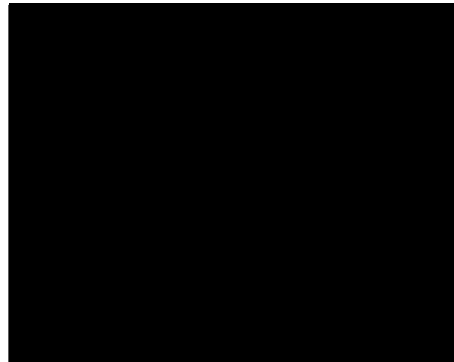
I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraiser's Statement of Qualifications.

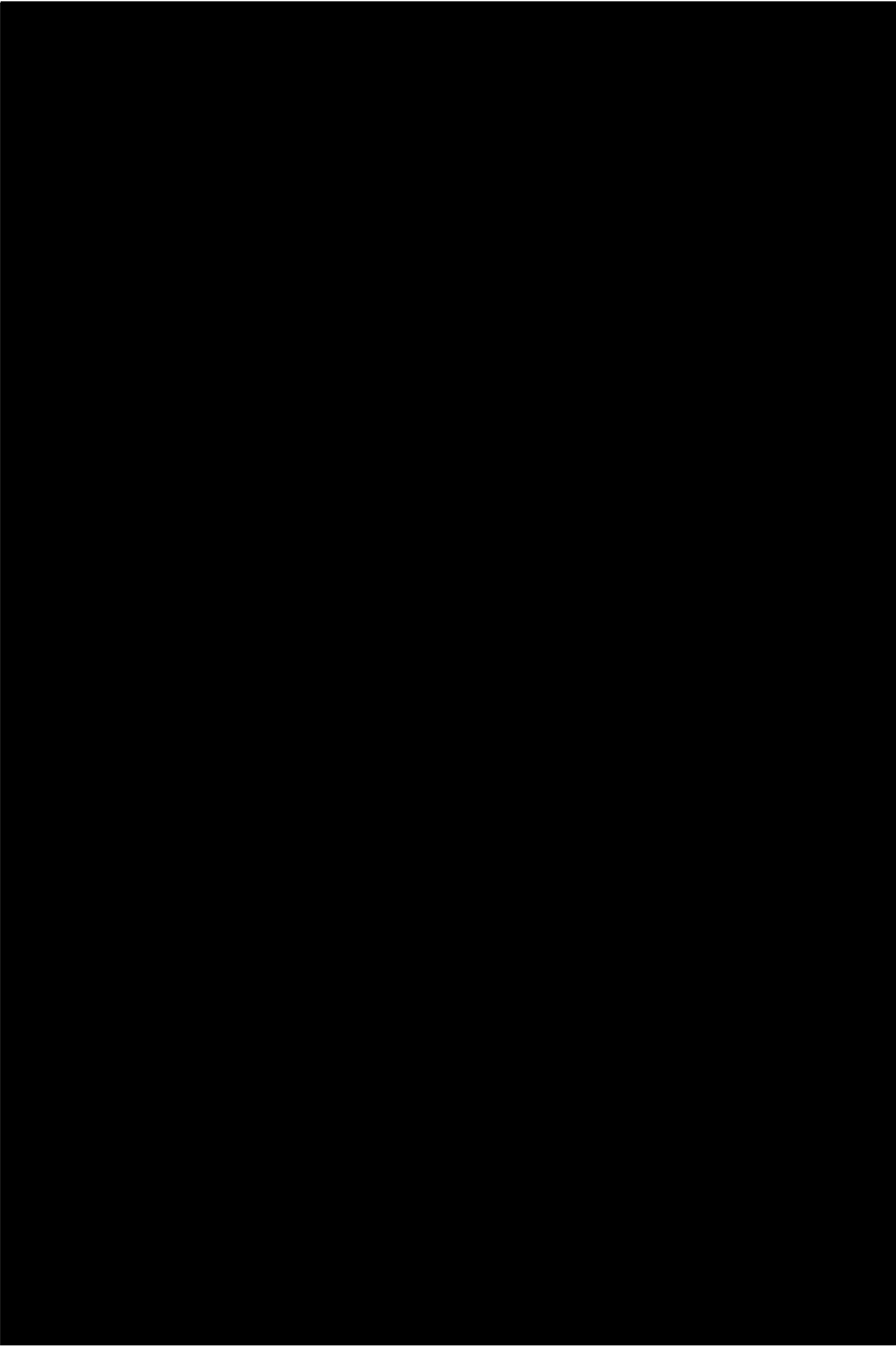
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Date: March 25, 2013





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# ADDENDA

1. ADOT Letter of Engagement (Purchase Order)
  2. Disposal Checklist



ARIZONA DEPARTMENT OF TRANSPORTATION  
PROCUREMENT

1739 W. Jackson, Mail Drop 100P  
Phoenix, Arizona 85007-3276  
(602) 712-7211  
Fax No: (602) 712-8647

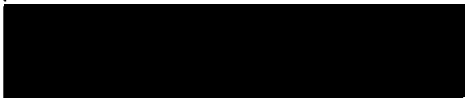
PURCHASE ORDER

SHOW THIS NUMBER ON ALL  
PAPERS AND PACKAGING

PG UF8245

PAGE	1	CONTRACT NO.	DT11-006070	VENDOR NO.	86054272701	DATE	02/21/2013
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■ SUPPLIER



■ SHIP TO

ARIZONA DEPARTMENT OF TRANSPORTATION  
RIGHT OF WAY OPERATIONS RM 331  
205 S 17TH AVE MD 612E  
PHOENIX, AZ 85007  
CONTACT: STEPHANIE NEVES  
PHONE: (602) 712-4353

POLN	QUANTITY ORDERED	UNIT	COMMODITY CODE / DESCRIPTION	UNIT PRICE	EXTENDED PRICE						
			<p>COMPLETE AN APPRAISAL IN ACCORDANCE WITH THE SCOPE OF WORK PROVIDED IN THE BID REQUEST DATED FEBRUARY 12, 2013.</p> <p>PARCEL: L-S-007 PROJECT: H089301R HIGHWAY: STATEWIDE EXCESS LAND-BISBEE MVD SERVICE CENTER NO 52940B</p> <p>FIVE (5) CPIES AND A CD OF EACH APPRAISAL MUST BE DELIVERED TO RIGHT-OF-WAY OPERATIONS CONTRACTS UNIT, 205 S. 17TH. AVENUE, ROOM 331, MD612E, PHOENIX, AZ 85007 ON OR BEFORE 5:00 PM MST ON MARCH 25, 2013. PLEASE INDICATE PURCHASE ORDER NUMBER PG UF8245, ALSO THE PARCEL NUMBER, PROJECT NUMBER, HIGHWAY AND SECTION ON YOUR INVOICE.</p> <p>PLEASE DIRECT YOUR QUESTIONS REGARDING THIS APPRAISAL TO JIM WALCUTT, 520-591-7923.</p> <p>THE APPRAISER IS REQUIRED TO CONTACT BOTH TOMMY ZULEGER (602-712-8816) WITH THE R/W ACQUISITION SECTION AND RAUL TORRES (602-712-6568) WITH THE R/W PROPERTY MANAGEMENT SECTION A MINIMUM OF 48 HOURS BEFORE ANY INITIAL SITE VISIT SO AN AGENT FROM BOTH R/W SECTIONS MAY ACCOMPANY</p>								
DELIVERY/COMPLETION DATE: 03/25/2013			B I L L T O  ADOT RIGHT OF WAY OPERATIONS 205 S 17TH AVE RM 331 MD 612E PHOENIX AZ 85007	SUBTOTAL							
PAYMENT TERMS: NET 30				TAX							
FOB: DESTINATION				FREIGHT							
			TOTAL								
POLN	REQ NO.	RQLN	FUND	ORG NO.	FUNC	APPR	OBJ	SUBOBJ	ACTV	PROJECT	AMOUNT
01			HWY	9375	9375	0929	6299	04	AR22	H089301R	2,750.00

STEVE TROXEL  
RESPONSIBLE PERSON

712-7053  
RESPONSIBLE PHONE

TO INSURE PAYMENT  
ADOT PO NUMBER  
MUST APPEAR ON  
ALL INVOICES

612E  
MAIL DROP

VENDOR COPY



ARIZONA DEPARTMENT OF TRANSPORTATION  
PROCUREMENT

1739 W. Jackson, Mail Drop 100P  
Phoenix, Arizona 85007-3276  
(602) 712-7211  
Fax No: (602) 712-8647

PURCHASE ORDER

SHOW THIS NUMBER ON ALL  
PAPERS AND PACKAGING

PG UF8245

PAGE	2	CONTRACT NO.	DT11-006070	VENDOR NO.	860542727	DATE	02/21/2013
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☒ SUPPLIER

☒ SHIP TO

ARIZONA DEPARTMENT OF TRANSPORTATION

POLN	QUANTITY ORDERED	UNIT	COMMODITY CODE / DESCRIPTION								UNIT PRICE	EXTENDED PRICE
001	2750.000	HR	<div></div>								1.000000	2,750.00
DELIVERY/COMPLETION DATE:			B I L L T O								SUBTOTAL	2,750.00
PAYMENT TERMS:											TAX	
FOB:											FREIGHT	
			TOTAL	2,750.00								
POLN	REQ. NO.	RQLN	FUND	ORG. NO.	FUNC	APPR	OBJ	SUBOBJ	ACTV	PROJECT	AMOUNT	

RESPONSIBLE PERSON

RESPONSIBLE PHONE

TO INSURE PAYMENT  
ADOT PO NUMBER  
MUST APPEAR ON  
ALL INVOICES

MAIL DROP

VENDOR COPY



# TRANSMITTAL

Date: July 26, 2012

## Environmental Planning Group

Arizona Department of Transportation  
Mail Drop EM02  
1611 W. Jackson  
Phoenix AZ 85007

Phone: (602)712-7767

Fax: (602)712-3066

Disposal Number: L-S-007

Disposal Name: Bisbee MVD Service Center, Site No. B529400B (F.S. S-94)

### Deliver To

Raul Torres  
Property Management  
612E

### Sent From

Thor Anderson  
Environmental Planning Group

☒ Attached

☐ Under Separate Cover

### Action:

<input type="checkbox"/>	For your approval
<input type="checkbox"/>	For your information
<input type="checkbox"/>	As you requested
<input type="checkbox"/>	

<input checked="" type="checkbox"/>	For your use
<input type="checkbox"/>	For your response
<input type="checkbox"/>	For review and comment
<input type="checkbox"/>	

### Description:

Attached is the environmental clearance package for this disposal.

### Remarks:

### Distribution:

☐ Reading File

☒ Project File

Signed: Thor Anderson

Title: Environmental Planning Group Manager

**Arizona Department of Transportation  
Environmental Planning Group  
Disposal Checklist**

**Disposal Number:** L-S-007

**Disposal Name:** Bisbee Motor Vehicle Department (MVD)  
Service Center, Site No. B529400B (F.S. S-94)

**Disposal Address:** 219 Arizona Street, Bisbee (Warren),  
Cochise County, Arizona.

**Clearance**

Prepared By: *Ed Green* Date: 26 Jul 12  
Ed Green  
Hazardous Materials Coordinator

Approved By: *Thor Anderson* Date: 7/26/12  
Thor Anderson  
Manager

TA:ekg

## I. PROJECT DESCRIPTION

- A. The Arizona Department of Transportation (ADOT) proposes to dispose of property L-S-007. The property is also referred to as Bisbee Motor Vehicle Department (MVD) Service Center Site No. B529400B (F.S. S-94).
- B. Location: Property is located at 219 Arizona Street, Bisbee (Warren), Cochise County, Arizona.
- C. Purpose: The property will be sold in accordance with State law.

## II. IMPACT EVALUATION

### A. Natural Environment

This disposal property was acquired for use as a State Motor Vehicle Department office.

#### Land Use Characteristics

	Current Condition	Former Use	Surrounding Area
Vacant	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Residential	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commercial	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Industrial	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agricultural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Natural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Endangered Species Act Listed Species

	Yes	No	If Yes, List Species.	Comments.
Critical Habitat	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Suitable Habitat	<input type="checkbox"/>	<input checked="" type="checkbox"/>		

The disposal property is located in an area designated Zone X (area determined to be out of the 0.2% annual chance floodplain) according to the Federal Emergency Management Agency Flood Insurance Rate Map 04003C2517F.

### B. Physical/Construction

This type of action does not require any construction-related activities. No construction-related impacts will result from this disposal activity.

A Preliminary Initial Site Assessment regarding hazardous materials concerns was performed by the ADOT Environmental Planning Group. No hazardous materials concerns were identified. No further hazardous materials investigation is recommended.

Due to the lack of construction-related activities and impacts, this project is exempt from air quality conformity regulations.

The Arizona Department of Transportation's Noise Abatement Policy was written to conform to the federal policy and guidelines as stated in Title 23 of the Code of Federal Regulations Part 772. No analysis of traffic noise impacts is required for this project as it does not significantly alter the

horizontal or vertical alignment of the existing highway nor does it increase capacity of transportation facilities.

### **C. Socioeconomic**

Title VI of the Civil Rights Act of 1964 and related statutes assure that individuals are not excluded from participation in, denied the benefit of, or subject to discrimination on the basis of race, color, national origin, age, sex, and disability. Executive Order 12898 on Environmental Justice directs that programs, policies and activities not have a disproportionately high and adverse human health and environmental effect on minority and low-income populations. This disposal project will not result in new impacts on the surrounding area. Sale of this property will not result in any residential or business relocation. This disposal will not have a disproportionately high or adverse impact on minority or low-income communities.

### **D. Cultural Resources**

This disposal project will have no effect on historic properties. ADOT initiated consultation regarding a determination of "no adverse effect" on historic properties with the State Historic Preservation Office, the Hopi Tribe, Tohono O'Odham Nation, Salt River Pima-Maricopa Indian Community, Yavapai-Apache Nation, the Pascua Yaqui Tribe, the White Mountain Apache Tribe, and the San Carlos Apache Tribe. Concurrences were received from the State Historic Preservation Office, the Hopi Tribe, Tohono O'Odham Nation, and the White Mountain Apache Tribe; no response was received from the remaining consulting parties.

## **III. PUBLIC INVOLVEMENT**

This disposal action does not require a public involvement plan.

## **IV. ACTION REQUIRED**

<b>Federal-Aid Projects</b>	
Categorical Exclusion Group 2	<input type="checkbox"/>
Programmatic	<input type="checkbox"/>
Non-Programmatic	<input type="checkbox"/>
<b>State-Funded Projects</b>	
Environmental Clearance	<input checked="" type="checkbox"/>

**ADOT Planning Group  
Hazardous Materials Technical Memorandum**

Site Location Information: 219 Arizona Street, City of Bisbee,  
Cochise County, Arizona 85603



**Comments:**

If suspected hazardous materials are encountered during construction, work will cease at that location and the Engineer will be contacted to arrange for proper assessment, treatment, or disposal of those materials.

Regulatory database search indicates no hazardous materials concerns for the site's location.

This project was assessed for environment impacts using a limited search. The details of the search are as follows:

- Cochise County Assessor (11JUL12):  
[http://cochise.az.gov/cochise\\_assessor.aspx?id=186](http://cochise.az.gov/cochise_assessor.aspx?id=186)
- ADEQ Databases – GIS (11JUL12):  
<http://gisweb.azdeq.gov/arcgis/emap/>
- ADEQ Underground Storage Tank Search (11JUL12):  
<http://www.azdeq.gov/databases/ustsearch.html>
- ADEQ Drywell Search (11JUL12):  
<http://www.azdeq.gov/databases/drywellsearch.html>
- ADWR Well Search (11JUL12):  
<https://gisweb.azwater.gov/WellRegistry/Default.aspx>
- USGS – Soil Survey (11JUL12):  
<http://websoilsurvey.nrcs.usda.gov/app/WebSoilSurvey.aspx>
- The USGS Store – Topography Map (11JUL12):  
[http://store.usgs.gov/b2c\\_usgs/usgs/maplocator/\(ctype=areaDetails&xcm=r3standardpitrex\\_prd&careg=%24ROOT&layout=6\\_1\\_61\\_48&uiarea=2\)/.do](http://store.usgs.gov/b2c_usgs/usgs/maplocator/(ctype=areaDetails&xcm=r3standardpitrex_prd&careg=%24ROOT&layout=6_1_61_48&uiarea=2)/.do)
- Flash Earth – Aerial Imagery (11JUL12):  
<http://www.flashearth.com/>

Figure 1: Project Location Map is included with the PISA and depicts the general location of the project.

Figure 2: Site Vicinity Map is included with the PISA and depicts the site's location and adjoining property.

ADOT Name: Brandt Vogel Signature: *Brandt Vogel* Date: 12JUL12  
ADOT Name: Ed Green Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Preliminary Initial Site Assessment**

Project No. \_\_\_\_\_ TRACS No. \_\_\_\_\_

**Section I: Site Location Information**

Assessor Parcel No. 101-06-031 ADOT Parcel No. \_\_\_\_\_

221  
Address/Route & Milepost 219 Arizona Street, City of Bisbee, Cochise County, Arizona 85603

Section 23 Township 23 S. Range 24 E.  $\frac{1}{4}$   $\frac{1}{4}$   $\frac{1}{4}$

Latitude 31° 24' 39.8" Longitude 109° 52' 4.3" W.

**Site Characteristics: Past Land Use**

Agriculture \_\_\_\_\_ Residential \_\_\_\_\_ Commercial X Industrial \_\_\_\_\_ Natural \_\_\_\_\_

Vehicle Maintenance: \_\_\_\_\_ Chemical Storage: \_\_\_\_\_ UST System: \_\_\_\_\_

Septic System: \_\_\_\_\_ Water/Dry Well: \_\_\_\_\_ Pesticide/Herbicide \_\_\_\_\_

Other: (Current) Single story  
office building with  
adjoining asphalt parking  
lot.

**Section II: Site Surface Conditions**

Dimensions: Length 165 feet Width 73.89 feet

Area: 12,192.75 gross Sq. feet \_\_\_\_\_ Sq. meters or 0.28 Acres

Topography: Generally flat with a slight slope southwesterly.

Geology: Well-drained libby gulch complex of gravelly sandy loam and clay horizons.

Vegetation: Sparse low growing grass surrounding structure and parking lot. Trees and shrubbery surrounding structure.

Structures: Commercial structure with improvements dating back to 1952.

Utilities: Above ground powerlines.

Section III: Results of Database Review

No concerns on project X Concerns on project \_\_\_\_\_  
(Complete Section IV)

Section IV: Environmental Concerns

Observed: None observed.

Suspected: None suspected.

Unusual Conditions: No unusual conditions.

Section V: Recommendations

High Priority Phase 1: \_\_\_\_\_ Medium Priority Phase 1: \_\_\_\_\_ Low Priority Phase 1: \_\_\_\_\_

No additional survey required: X Aerial Photograph Review: X

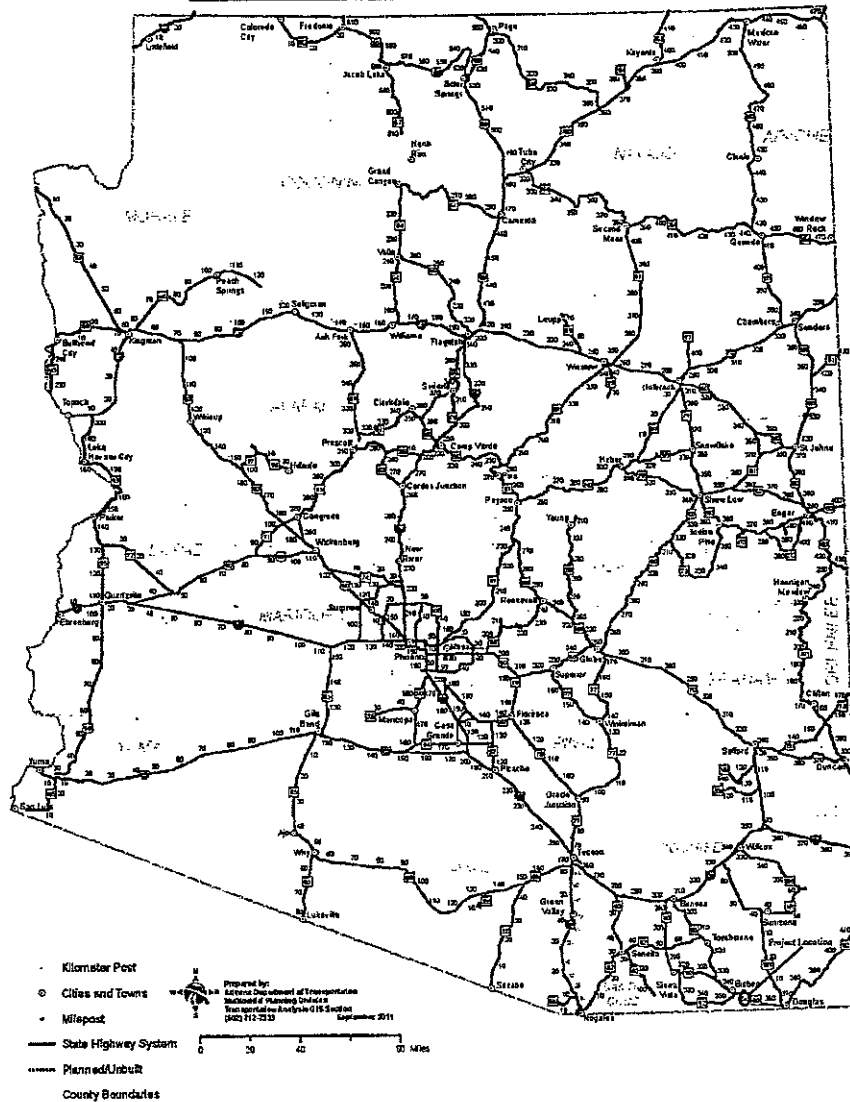
Section VI: Comments

Regulatory database search indicates no hazardous materials concerns for the site's location.

If suspected hazardous materials are encountered during construction, work will cease at that location and the Engineer will be contacted to arrange for proper assessment, treatment, or disposal of those materials.

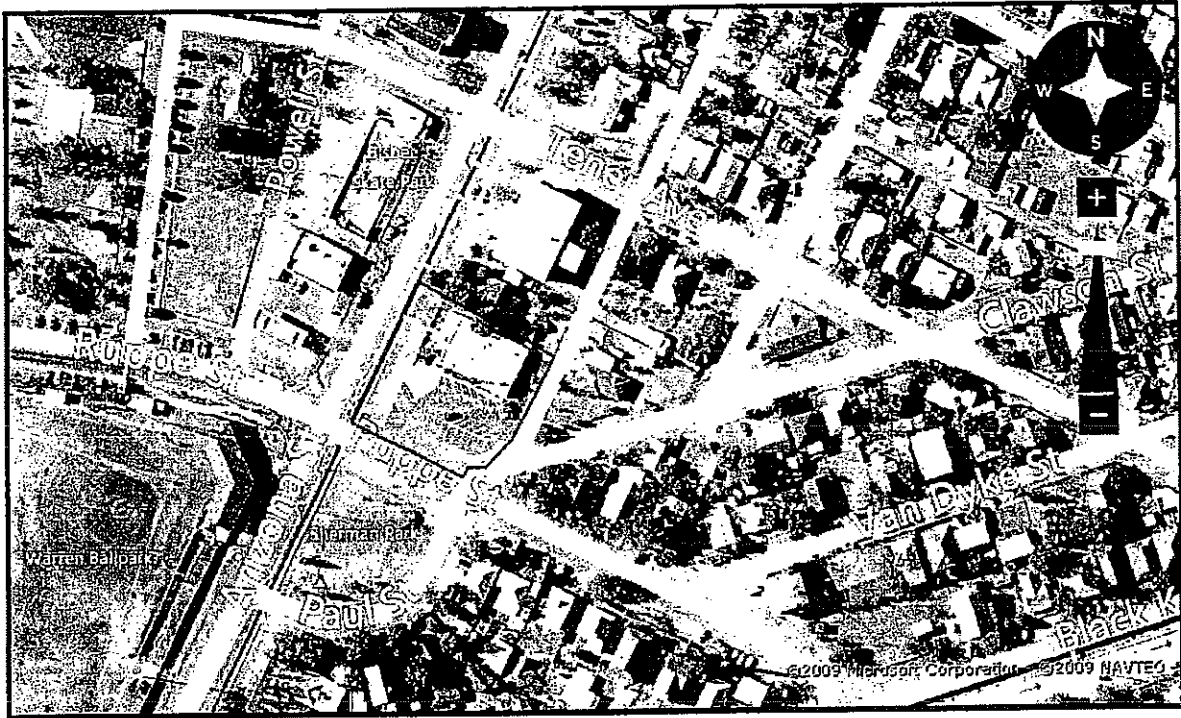
Consultant Name Brandt Vogel Signature *Brandt Vogel* Date 12 JUL 12  
ADOT Name Ed Green Signature *Ed Green* Date 26 Jul 12

Office Building  
219 Arizona Street, City of Bisbee,  
Cochise County, Arizona 85603  
Figure 1: Project Location Map





Office Building  
219 Arizona Street, City of Bisbee,  
Cochise County, Arizona 85603



LEGEND

Property: ☐

Figure 2: Site Vicinity Map



**Arizona Department of Transportation**  
**Environmental Planning Group**

**MEMORANDUM**

**To:** Ed Green, ADOT EPG

**Date:** October 25, 2011

**From:** Melissa Reuter, ADOT EPG  
Historic Preservation Specialist

**Subject:** LS-007/Bisbee MVD Service Center  
Disposal

The Arizona Department of Transportation (ADOT) initiated consultation with the State Historic Preservation Office (SHPO), the Hopi Tribe, Tohono O'Odham Nation, Salt River Pima-Maricopa Indian Community, Yavapai-Apache Nation, the Pascua Yaqui Tribe, White Mountain Apache Tribe, and the San Carlos Apache Tribe on a determination of "no adverse effect" on August 24, 2011. Concurrences were received on August 31, 2011 (SHPO), August 31, 2011 (Hopi Tribe), August 30, 2011 (Tohono O'Odham Nation), and September 27, 2011 (White Mountain Apache Tribe).

At this time, ADOT has determined that this project proceed with a finding of "no adverse effect."

If you have any questions about this clearance, please feel free to contact me at (520) 388-4256 or by e-mail at [mreuter@azdot.gov](mailto:mreuter@azdot.gov).

Sincerely,

A handwritten signature in black ink that reads "M.B. Reuter". The signature is written in a cursive, flowing style.

HPT Specialist  
Historic Preservation Specialist